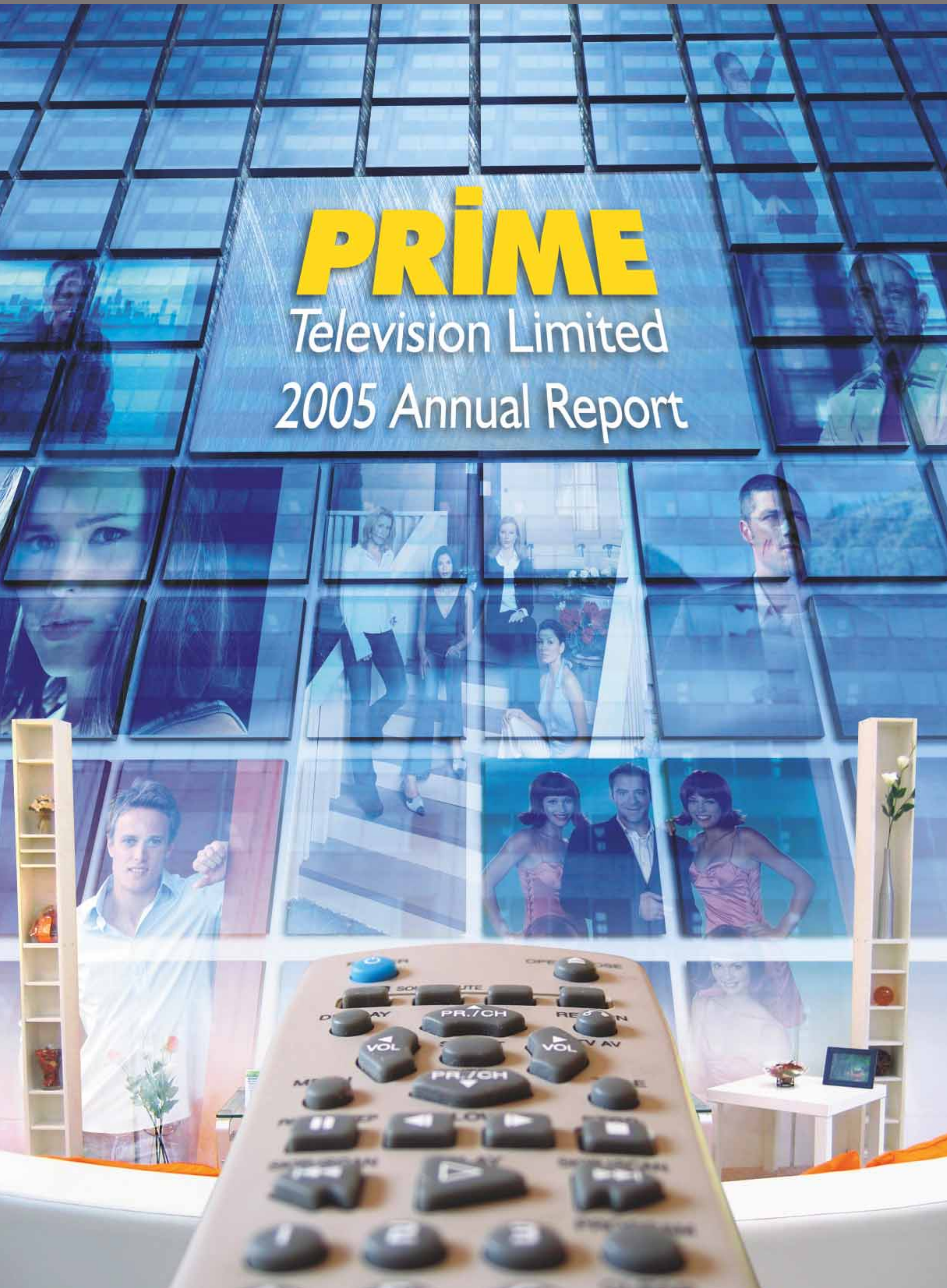
PRIME Television Limited 2005 Annual Report



PRIME TELEVISION LIMITED

ABN 97 000 764 867

Directors

Paul J. Ramsay AO (Chairman)
Michael S. Siddle (Deputy Chairman)
Ronald J. Cotton AM (resigned 2 September 2005)
Peter J. Evans
Terry Jackman AM
Alex Hamill

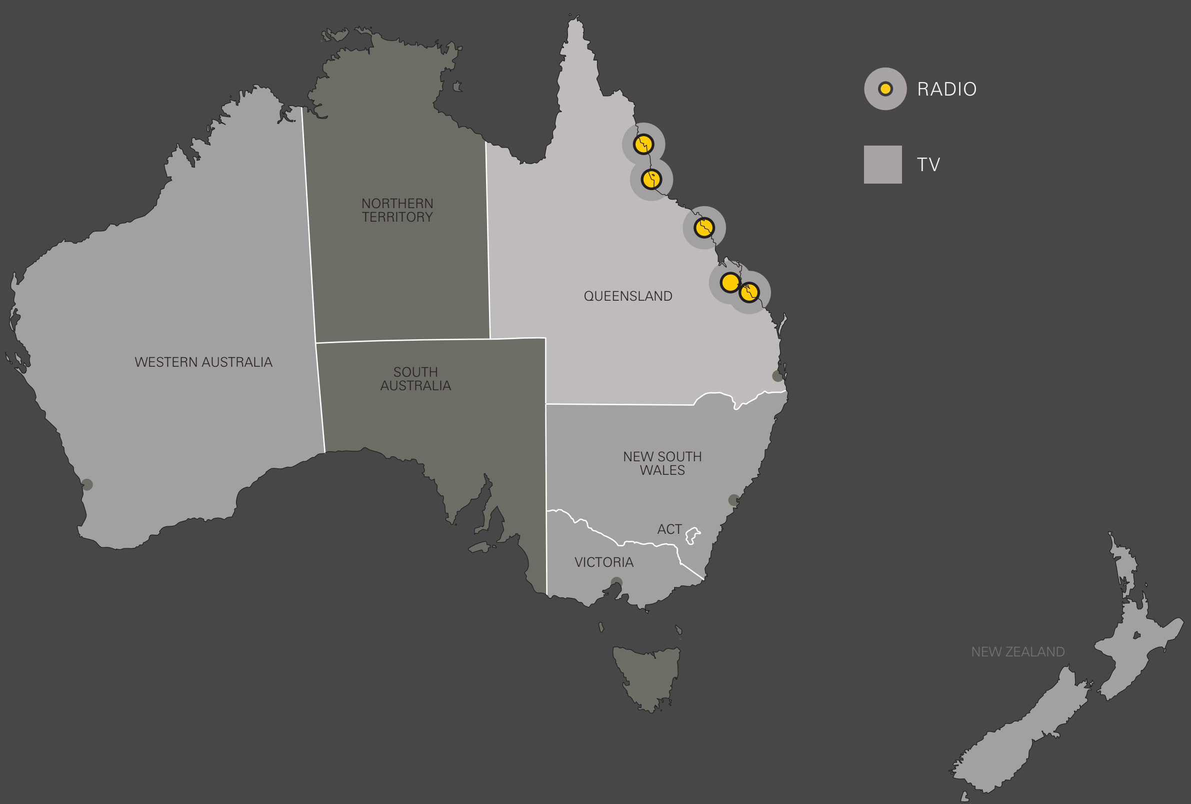
Chief Executive Officer

Warwick Syphers

Prime Television operates as a "free-to-air" television broadcaster in Australia and New Zealand.

In Australia: the audience within the Prime coverage area is approximately a quarter of the Australian population — over 4.8 million people.

In New Zealand: the network has nationwide coverage — a potential audience of 4.2 million people.



— In the eastern states of Australia the broadcast signal is branded as PRIME.
— In Western Australia the broadcast signal is known as Golden West Network (GWN).
— In New Zealand, Prime operates a national free-to-air network which can also be received by Sky pay tv viewers via satellite.
— Since September 2005 Prime now operates six commercial radio stations in North Queensland, located in Cairns, Townsville, Rockhampton, Gladstone and Mackay.

CONTENTS

PRIME'S RATINGS RESURGENCE — ***Dancing with the Stars, Home and Away, Sydney Nightly News, Desperate Housewives***

Prime Television brings the world to its viewers and in the past year our news and current affairs programs have underpinned a ratings resurgence.

Prime delivers its viewers the very best of Seven Network news and current affairs, combined with our own extensive local news gathering resources and high profile community personalities.

NATIONAL PRESENTERS

Opposite page, left to right

1. Naomi Robson — ***Today Tonight***
2. Matthew White — ***Seven News, Sydney***
3. Bruce McAvaney — ***Seven Sport***
4. Melissa Doyle and David Koch — ***Sunrise***

LOCAL PRESENTERS

This page, left to right

1. Daniel Gibson — ***Prime Weather***
2. Natalie Forrest —***Prime News***
3. Fiona Ferguson — ***Prime News***
4. Noel Brunning — ***GWN News***

CHAIRMAN'S ADDRESS

On behalf of the Directors of Prime Television Limited, I am pleased to present the Annual Report covering the 2005 financial year.

In the year under review, Prime Television recorded a profit after tax of $20.62 million, an increase of 27% compared to the prior year. Since making the decision in late 2002 to relocate all our network administration and key broadcast functions to our Canberra facility, our Australian operations have leveraged the resulting efficiency gains into an improved advertising environment and produced strong earnings growth over the past two reporting periods, which has enabled us to increase dividend payments to shareholders year on year.

A more detailed review of our operations performance is found in the accompanying reports of our senior management group.

As the affiliate broadcast partner of the Seven Network in Australia, we have been delighted with the resurgence in ratings performance of the network in 2005. As I've commented in prior reports, we have great confidence in the management capability and resources of the Seven Network, and I would like to acknowledge the skills and determination of Kerry Stokes, David Leckie and their management team in achieving their success.

Our New Zealand operations once again recorded outstanding revenue growth in excess of 50%, which led to a significant reduction in operating losses and puts the business on track to generate an earnings contribution in the near term.

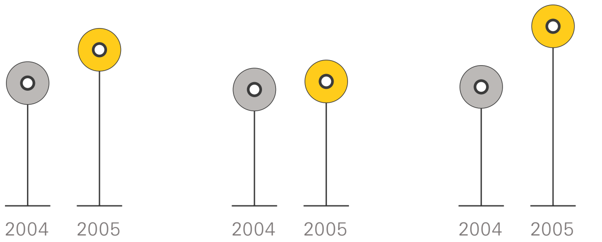
Since the close of the financial year, the Company has also announced the acquisition of six radio stations operating in North Queensland. We believe this acquisition is a very good fit for our long term strategy of developing our regional media businesses and positions the Company well for future growth opportunities.

All Australian media companies are operating in an environment of rapid change and development. These changes offer both opportunities and challenges. "Convergence" continues to be the industry buzzword; however, like any other aspect of innovation, development and growth, it must be underpinned by well-defined, well-understood and most importantly well-established customer needs. Free-to-air television recognises these forces of change and will remain adaptive to this changing environment to continue its role as the dominant medium for mass audience delivery for advertisers.

NET PROFIT AFTER TAX
+27.1%
TO $20.62M

AUSTRALIA REVENUES
+7.0%
TO $164.2M

NEW ZEALAND REVENUES
+51.0%
TO $23.7M



A number of changes have been introduced in this Annual Report to accommodate recent legislation and regulation and in the interests of good corporate governance. Also, as required, details of the impacts on the financial statements following the introduction of International Financial Reporting Standards beginning with the Company's financial statements for the half year to 31 December 2005 are covered in note 35 to the Financial Statements.

I would like to record the Board's thanks and appreciation to former Director, Ron Cotton, who retired in September this year. Ron has given tremendous service as a Board member for over 15 years; his counsel proved most valuable over a long period of challenges and expansion for Prime.

The Board also wishes to acknowledge the efforts of all our executives and employees in producing the strong result for the Company and its shareholders in the past year. While we continue to make our way through a period of transition to full digital broadcasting with its many challenges, we look forward to the future with confidence.

Paul Ramsay AO, Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Review of Financial Performance.

As noted in the accompanying Summarised Statement of Financial Performance, the company's operating performance in 2004/05 was strong, recording a net profit after tax of $20.62 million, which was 27% higher than the prior year. The result was achieved on an increase of 11% in revenues to $188 million.

WARWICK SYPHERS
CHIEF EXECUTIVE OFFICER

Dividends

The Board declared a final dividend of 7 cents per share fully franked, which brought the full year dividend to 12.5 cents per share fully franked, an increase of 13.6% over the prior period.

Review of Operations

AUSTRALIA

Advertising revenue in the Australian operations grew 7.7% in the period, reflecting the continuing strength of the advertising markets and a resurgence in the ratings performance of the Seven Network in all markets. The overall revenue growth in the regional markets in which Prime operates for the period was 6.3%, evidence that the improved ratings performance is delivering share gains.

Operating costs were broadly contained to low single digit growth; however, increased programming costs associated with the Athens Olympics in the first half of the period, and transmission-related expenditure increases flowing from the continued rollout of digital television, constrained margin growth.

The accompanying report of our Chief Operating Officer, Doug Edwards, provides further detail of our Australian operations performance during the period.

NEW ZEALAND

Prime New Zealand again recorded very strong revenue growth, up 51.7% on the prior period, which enabled operating losses to be reduced by 37.5% compared to the prior period.

Prime has continued to invest in the operations of the network to enable it to reach its potential. The business is operated as a Joint Venture with the Nine Network, which began in February 2002 for an initial five year term. We continue to be in discussions with the Nine Network concerning their entitlement under the joint venture to acquire up to 50% of the business.

The accompanying report on Prime New Zealand's operations further detail the network's performance in the period under review.

Current Period Developments

RADIO

As noted by the Chairman, in September this year the Company acquired six radio stations operating in North Queensland. These stations are located in the key growth markets of Cairns (4CA FM), Townsville (SEA FM and MIX106.3 FM), Rockhampton (4RO AM), Gladstone (4CC AM) and Mackay (4MK FM). These are well-established businesses which offer growth potential in these developing markets.

While the acquisition would appear to reflect a diversification from Prime's current television businesses, we believe that the operating models of both regional television and radio share common characteristics and require a strong focus on community involvement, local (non-agency) sales and operating efficiencies, which we believe to be core competencies of Prime gained over many years of experience in regional markets.

REGULATORY REVIEWS

The Australian television industry continues its transition from a simulcast period of analogue and digital transmission to a full digital broadcasting environment at a date yet to be determined. This is an expensive exercise, particularly for regional operators. Digital television take up has been slow, perhaps disappointing; however, through its recent release of a Discussion Paper on simulcast period duration, the Federal Government has indicated a determination to evaluate all options which may provide a spur to digital take up.

This review is in the context of a series of six reviews on matters relating to digital television broadcasting which commenced in 2004 and will run through 2005. The Minister for Communications, Information Technology and the Arts, Senator Helen Coonan, has also recently released several statements on behalf of the Government relating to a proposed review of other key elements of the Broadcasting Services Act, including restrictions on foreign ownership of Australian commercial television and cross media prohibitions.

It is clear that both the technology and regulatory environments for Australian media companies are changing rapidly. I am confident that Prime is well placed to meet the challenges and opportunities that will invariably arise during such a period of rapid change.

SUMMARISED STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 30 JUNE	2005 $000	2004 $000	CHANGE %
Broadcast revenues	182,610	163,219	+11.9%
Other revenues	5,293	6,026	
Total revenues	187,903	169,245	+11.0%
EBITDA	51,160	44,900	+13.9%
Depreciation and amortisation	10,546	8,912	
EBIT	40,614	35,988	+12.9%
Borrowing costs	9,384	9,964	
Profit before tax	31,230	26,024	+20.2%
Tax (expense)	(10,615)	(9,802)	
Profit after tax	20,615	16,222	+27.1%
Full year dividend per share	12.5 cents	11.0 cents	+13.6%
Full year earnings per share	16.6 cents	13.2 cents	+25.8%

Revenues up 11.0%

Profit up 27.1%

Dividends up 13.6%

SEGMENT RESULTS

	AUSTRALIA		NEW ZEALAND		TOTAL	
	2005	2004	2005	2004	2005	2004
Revenue	164.2	153.5	23.7	15.7	187.9	169.2
EBIT	44.3	41.9	(3.7)	(5.9)	40.6	36.0

AUSTRALIAN OPERATIONS

The 2005 financial year saw Prime's Australian operations build on the growth experienced in 2004 and capitalize on the improved ratings performance of our network partner, the Seven Network.

Investment in technology and centralization projects in recent periods continue to deliver efficiency gains, enabling Prime Australia to record operating margins comparable to the industry leaders.

DOUG EDWARDS
CHIEF OPERATING OFFICER

Ratings Revival

The 2005 financial year was an outstanding year for Prime's programming and featured strong ratings growth across all key demographics. Key metrics included a 6% improvement against the 2003/2004 year in every audience sector in the 6am to midnight time zone, and similar strong growth figures in the important 6pm to midnight time zone.

The ratings change was evident from early 2005 with our very successful telecast of the Australian Open tennis. Leading imported programs such as *Desperate Housewives* and *Lost* grabbed winning audience shares right across the nation. *Amazing Race* also proved a big success. Home-grown hits like *Dancing With The Stars*, *Forensic Investigators* and *Border Security* augmented and deepened the schedule, alongside long-time popular Australian programs such as *All Saints* and *Home And Away*. Perennial favourite *Blue Heelers*, which heads into record territory in the year ahead, continues to be one of Australia's all-time favourite dramas.

Prime's telecast of the 2004 Athens Olympics underpinned the 2005 ratings success. And as we cheered on a great Aussie performance at the Games, it also gave us a great opportunity to showcase the advanced capabilities of Prime's state-of-the-art digital broadcast centre in our Canberra headquarters.

Transition to Digital

Viewers of Prime's digital broadcasts of the Athens Olympics were treated to a choice of views, and enhanced digital programming: a whole new way to enjoy major events such as the Olympics.

Uptake of digital technology by viewers has been slower than expected. But it's growing. Across regional Australia, digital uptake is around 10%, double the rate of a year ago. Prime is well placed to make the most of the new technology. This year we also commenced broadcasting in High Definition Digital, involving a significant upgrade of our Canberra Broadcast Centre.

Sales Strength

Prime's outstanding ratings performance during 2005 translated into a strong revenue result for the year, with advertising sales returning year-on-year growth in Prime's Australian operations of 7.7%, well above the market average of 6.3% and clear evidence of a growth in market share flowing from improved ratings performance.

Further improvements have also flowed from our Business Development unit, focusing on improving sales efficiencies and inventory yields, both vital factors in continuing strong revenue growth.

News Network

Building on established strengths, Prime's Local News bulletin (GWN News in our Western Australian operations) dominates local ratings in every one of our local News markets. We take great pride in our Local News services, helping regional Australians keep in touch with the issues and events that matter to our local communities.

Left to right
1. Evangeline Lilly — ***Lost***
2. John Wood and Samantha Tolj — ***Blue Heelers***
3. Teri Hatcher — ***Desperate Housewives***
4. Lleyton Hewitt at the US Open Tennis Championship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In 2005, Prime also introduced world-leading new technology into our newsrooms, to allow us to better cover our local areas, using the latest in digital technology to bring home to our viewers all the day's news from the far corners of our regions. Once again, Prime leads the way in innovative uses of advanced digital systems to improve outcomes for our viewers, and at the same time improve the efficiency of our broadcast operations.

Local community information too, through our daily Infonet segments, is part of Prime's deep commitment to supporting our communities right across regional Australia.

Community Partnerships

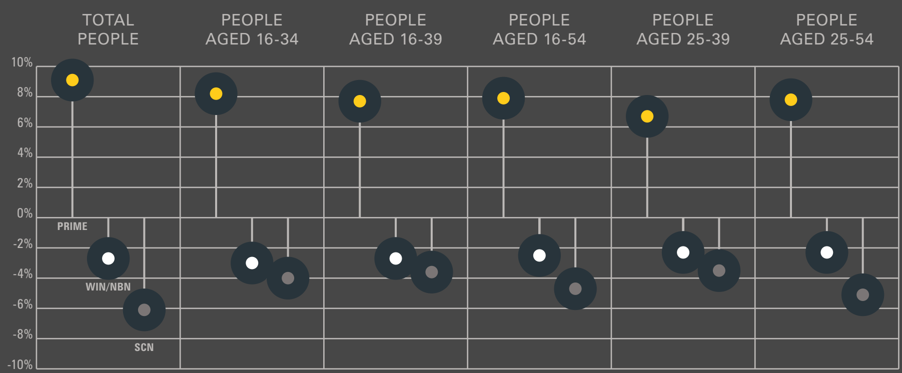
Prime is an integral part of the communities we serve and we understand the importance of the ethic of corporate responsibility. Community support is one of our most important business responsibilities.

Across all our markets our community involvement reflects our values and commitment to the future prosperity of regional communities. Over the past 12 months, Prime has worked with and supported over 50 major community organisations, causes and programs through successful long-term community partnerships. Based on mutual commitment, these important partnerships provide a real and lasting difference to the lives of our viewers. Continually strengthening our involvement, Prime has also recently forged major statewide partnerships with Cancer Council NSW and Victoria, Lifeline Victoria and the Regional Achievement & Community Awards held in both NSW and Victoria. Prime is very proud and committed to working with our community partners in supporting our local community.

Operations Outlook

While the exceptional growth rates in the advertising market seen in the 2004/2005 year may ease as we head to 2006, it is expected that they will remain relatively firm. With continuing ratings growth forecast for the year ahead, Prime expects to be well positioned to continue to improve its market share which will underpin revenue growth.

COMMERCIAL SHARE 6 AM–12 AM PERCENTAGE CHANGE 03/04 VS 04/05 (JULY–JUNE)



Left to right

1. Prime supports the regional Child Flight Helicopter Service
2. Prime Possum giving a lift to the NSW State Emergency Services
3. Chairman Paul Ramsay hands a donation to the Australian Red Cross. Prime Television recently won a Prime Minister's award for Excellence in Community Business Partnerships
4. Doug Edwards, Prime COO, presenting at the regional Community Enterprise Awards
5. Maureen Walters, Prime NSW General Manager, receiving acknowledgement for Prime's support of the Surf Life Saving Association

Left to right

1. Grant Denyer — ***Sunrise***
2. Tom Williams and Kym Johnson — ***Dancing with the Stars***
3. Phil Keoghan — ***The Amazing Race***
4. Isabel Lucas — ***Home and Away***
5. Cast — ***Vegas***

PRIME NEW ZEALAND

New Zealand. The 2005 financial year marked another period of significant achievement for Prime New Zealand, with revenue growth exceeding 50% and operating losses reduced by 37.5% year on year.

CHRIS TAYLOR
CHIEF EXECUTIVE, NEW ZEALAND

The network is now viewed by advertisers and audiences alike as a credible competitor to the entrenched TVNZ and TV3 networks, resulting in significant increases in both ratings and revenue shares in the current calendar year. Perhaps the strongest statement by Prime since its commencement in 1998 was made earlier this year when we secured the services of New Zealand's leading Current Affairs broadcaster, Paul Holmes. This development attracted nationwide attention and significantly raised the profile of the network for advertisers in particular.

The network continues to target the 25-54 age group as its core demographic and tailors its program schedule accordingly. The Prime local news at 5.30pm daily continues to grow its strong audience and has proved capable of winning its time slot in the face of fierce competition. An exciting development this year has been the network's ability to gain access to program production funding through the Government agency, New Zealand On Air. This has enabled us to introduce innovative programming such as "*The Tem Show*", a variety program featuring high profile New Zealand actor Temeura Morrison. Perennial favourites such as "*Who Wants to be a Millionaire*" and "*Getaway*" continue to be anchor programs for the network's schedule, complemented by free-to-air telecast rights to high profile sports products such as the New Zealand Warriors Rugby League, International Cricket, Wimbledon and major golf tournaments.

During the year, the Company also reached agreement with the New Zealand Government for renewal of its UHF spectrum licences beyond their current expiry in 2010. This will underpin future planning and transmission related investment for the network.

Left to right
1. Suzy Aiken — ***Prime News First at 5.30***
2. Temuera Morrison — ***The Tem Show***
3. Alison Mau — ***Holmes***
4. Charlotte Dawson — ***United Travel Getaway***
5. Paul Holmes — ***Holmes***

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

1 2 3 4 5 6

Your directors submit their report for the year ended 30 June 2005.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

1 **Paul Joseph Ramsay AO (Chairman)**

Mr Ramsay is Chairman of the Paul Ramsay Group of companies, which have operated for more than 35 years in real estate, healthcare and communications. He is also the Chairman and majority shareholder of Ramsay Health Care Limited.

During the last three years, Mr Ramsay has also served as a director of the following listed companies:

- Ramsay Health Care Limited (Current Chairman)
- Becker Group Limited (Current)

2 **Michael Stanley Siddle* (Deputy Chairman)**

Mr Siddle has been Deputy Chairman of the Paul Ramsay Group since 1967. He is Deputy Chairman of Ramsay Health Care Limited and has been a Director of Prime Television since 1985.

During the last three years, Mr Siddle has also served as a director of the following listed company:

- Ramsay Health Care Limited (Current Deputy Chairman)

3 **Ronald John Cotton AM – FCPA (resigned 2 September 2005)**

Mr Cotton was for 12 years a Group General Manager and Controller of Ampol Petroleum Ltd, then Group Managing Director-Operations for the Fairfax Group, and a director of the Seven and Macquarie Networks. He has served as a Commissioner of the Judicial Commission of NSW, Chairman of the Federal Government's National Procurement Board, Chairman of the Sydney Marketing Authority and the Australian Meat and Livestock Corporation and other public companies.

Mr Cotton is a life member of the Australian Society of CPAs, having served as National President and represented Australia on the World Board (IFAC) for many years.

During the last three years, Mr Cotton has also served as a director of the following listed companies:

- Knights Insolvency and Administration Limited (Current Chairman)
- Admerex Limited (resigned June 2005)

4 **Peter John Evans – FCA***

Mr Evans is a Chartered Accountant, and was in public practice for almost 20 years as a partner in an international accounting firm before becoming a sole practitioner. He has been a director of the Paul Ramsay Group since 1987.

During the last three years, Mr Evans has also served as a director of the following listed company:

- Ramsay Health Care Limited (Current)

* Denotes member of the Audit Committee

5 **Patrick Terry Jackman AM**

Mr Jackman has 40 years experience in the entertainment industry. He formerly held the positions of Managing Director of Hoyts Theatres Limited, Chief Executive of Birch, Carroll and Coyle Limited, and Chairman of Indycar Australia. Mr Jackman is currently sole proprietor of Pacific Cinemas Pty Ltd, one of Australia's largest privately owned cinema exhibition groups. He is also Chairman of Tourism Queensland.

During the last three years, Mr Jackman has also served as a director of the following listed company:

- Sunland Group Limited (Current)

6 **Alexander Andrew Hamill**

Mr Hamill has worked in marketing and advertising in Australia and globally for over 45 years. He is currently Chair of TCG Communications Group and Legends Genuine Memorabilia and on the board of Ideaworks Advertising and McGrath Real Estate. He was also Media Director of the Australian Olympic Team in Sydney (2000) and Athens (2004).

During the last three years, Mr Hamill has not served as a director of any other listed companies.

Company secretaries

Warwick Syphers LLB CPA

Mr Syphers has been company secretary since March 2003, having previously held the role from 1988 to 1995. He has been a Certified Practising Accountant for over 18 years.

Andrew Cooper BEc CA

Mr Cooper was appointed as an additional company secretary on June 16, 2005. He has been a Chartered Accountant for the past 10 years and has held the role of Group Financial Controller Prime Television for the past 18 months.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Prime Television Limited were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
P.J. Ramsay	51,262,780	–
M.S. Siddle	10,210	–
R.J. Cotton (resigned 2 September 2005)	2,921	–
P.J. Evans	5,000	–
P.T. Jackman	–	–
A.A. Hamill	–	–

Interests in contracts or proposed contracts with the Company

No director has any interest in any contract or proposed contract with the Company other than as disclosed elsewhere in this report.

Earnings per share

	CENTS
Basic earnings per share	16.6
Diluted earnings per share	16.6

Dividends

	CENTS	$'000
Final dividends recommended:		
on ordinary shares	7.0	8,704
Dividends paid in the year:		
Interim for the year		
on ordinary shares	5.5	6,838
Final for 2004 shown as recommended in the 2004 report		
on ordinary shares	6.5	8,052
		14,890

Principal activity

The principal activity of the economic entity has been the operation of commercial television stations.

Employees

The consolidated entity employed 512 employees as at 30 June 2005 (2004: 503 employees).

Results and review of operations

Operating Results for the Year

The consolidated profit of the economic entity after providing for income tax was $20,615,000 (2004: profit $16,222,000).

Review of Operations

Advertising revenue in the period was 11.9% above the previous corresponding period. Australia and New Zealand both posted strong revenue growth in the current period.

The Company's Australian operations increased revenue year on year by approximately 7%, largely attributable to the telecast of the Athens Olympics in the first half and a stronger ratings performance in the second half. Operational costs were broadly kept at low single digit growth; however, increased program costs associated with the Olympics and transmission related expenditure arising from the continued roll out of digital television constrained margin growth.

In New Zealand, the Company continued its strong revenue growth, recording an increase of 51.7% year on year, which narrowed EBIT losses by 37.5% in the same period.

Significant changes in the state of affairs

The operations of the economic entity within Australia and New Zealand during the year were unchanged from the previous year.

Significant events after the balance date

On September 1, 2005 the group completed the acquisition of 6 radio licences in Queensland from Macquarie Regional Radioworks.

Likely developments and expected results

The directors and management will continue to seek growth in the existing and related businesses so as to optimise the returns to shareholders.

Environmental regulation and performance

The economic entity's operations are subject to various environmental regulations in the countries in which it has a presence.

In each of the countries, the economic entity has established an environmental management system in each jurisdiction, which monitors compliance with existing environmental regulations and new regulations as they are enacted. The management system includes procedures to be followed, in conjunction with actions to be taken by third parties, should an incident occur which adversely impacts the environment. The economic entity's operations hold all relevant licences and permits and have implemented monitoring procedures to ensure that it complies with licence conditions.

The directors are not aware of any breaches of any legislation during the financial year which are material in nature.

Share options

Unissued shares

As at the date of this report, there were 144,000 un-issued ordinary shares under options (144,000 as at reporting date). Refer to note 25 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year, employees have exercised the option to acquire 468,500 fully paid ordinary shares in Prime Television Limited at a weighted average exercise price of $1.95.

Indemnification and insurance of directors and officers

In accordance with the Corporations Act 2001, the directors disclose that the Company has a Directors' and Officers' Liability policy covering each of the directors and certain executive officers for liabilities incurred in the performance of their duties and as specifically allowed under the Corporations Act 2001. The premiums in respect of the policy are payable by the Company. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy and therefore the directors are not disclosing further particulars relating thereto.

Directors' and senior executive officers' remuneration

Details of Directors' and Senior Executive Remuneration are included in the Remuneration Report on page 18.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	DIRECTORS' MEETINGS	MEETINGS OF COMMITTEES	
	SUBSTANTIVE	AUDIT	REMUNERATION
Number of meetings held:	9	4	2
Number of meetings attended:			
P.J. Ramsay	9	–	–
M.S. Siddle	9	–	2
R.J Cotton	9	4	–
P.J. Evans	9	4	2
P.T. Jackman	9	–	–
A.A. Hamill	8	–	–

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Committee membership
As at the date of this report, the Company has an Audit Committee and a Remuneration Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

AUDIT

P.J. Evans (Chair)	
M.S. Siddle	(appointed 30 June 2005)
R.J. Cotton	(resigned 2 September 2005)

REMUNERATION

P.T. Jackman (Chair)	(appointed 22 August 2005)
P.J. Evans	
A.A. Hamill	(appointed 22 August 2005)
M.S. Siddle	(resigned 22 August 2005)

Tax Consolidation
Effective 1 July 2002, for the purposes of income taxation, Prime Television Limited and its 100% owned subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Prime Television Limited.

There has been no material effect on the provision for deferred tax liabilities and future income tax benefits.

Non-Audit Services
The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are 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 nature and scope of each type of non-audit service provided means that the auditor's independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Income Tax & FBT Return compliance services	149,245
Transaction Advisory Tax Services	35,585

Auditor's Independence Declaration
In accordance with the Audit Independence requirements of the Corporations Act 2001, the directors have received and are satisfied with the "Audit Independence Declaration" provided by the Prime Group external auditors, Ernst & Young. The Audit Independence Declaration can be found on page 22 of the Directors' Report.

Corporate Governance
In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Prime Television Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this report commencing on page 23.

Rounding
The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Prime Television Limited.

Remuneration policy

The remuneration policy of Prime Television Limited has been established within a framework that ensures alignment of director and executive objectives with those of shareholders and the general business objectives of the company.

Remuneration Committee

The Remuneration Committee of the Board of Directors determines and reviews the remuneration packages and employment conditions applicable to executive directors and the senior management staff.

Salaries are customarily set prior to the commencement of an operating period. In making these determinations, regard is given to comparable industry or professional salary levels, and to the specific performance of the individuals concerned. The Chairman of the Remuneration Committee makes recommendations in this respect to the full Board.

Currently there are no executive directors on the Board.

Recommendations in respect of allocations of share options under the Prime Television Share Option Scheme are made by the Remuneration Committee, for approval by the Board. In accordance with the Listing Rules of the Australian Stock Exchange, options proposed to be issued to executive directors are submitted for approval by shareholders in General Meeting. Terms and conditions of the Share Option Scheme are included in Note 25.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

Non-executive director remuneration

OBJECTIVE

The remuneration of non-executive directors is determined by the Board as a whole. The Board seeks to set aggregate remuneration at a level which provides the Company with an ability to attract and retain directors of the highest calibre, within a cost that is acceptable to shareholders.

STRUCTURE

As per the Company's Constitution and the ASX Listing rules, the total quantum of non-executive directors' fees is subject to the approval of shareholders in General Meeting. The last aggregate increase in annual remuneration was approved by shareholders in November 2003, when shareholders approved an aggregate remuneration of $350,000 per annum (excluding superannuation).

The Directors Retirement Plan, approved by shareholders in November 1997, applies currently to the independent directors Mr Terry Jackman and Mr Alex Hamill.

Details of the nature and amount of each element of the remuneration received by each non-executive director of the Company is outlined in Table 1 on page 20.

Executive director and senior manager remuneration

OBJECTIVE

The remuneration of executive directors and senior managers is determined by the Remuneration Committee of the Board.

The Company seeks to reward executives with a level and mix of remuneration commensurate to their positions and responsibilities within the company so as to:

- align the interests of the executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure that total remuneration is competitive by market standards.

STRUCTURE

The executive remuneration levels are reviewed on an annual basis in accordance with the guidelines approved by the Board as part of the annual budget process. In order to determine the appropriate level and composition of executive remuneration, the Remuneration Committee considers information obtained from the formal performance appraisal process as well as market data obtained from a number of independent sources.

Executive remuneration packages consist of the following elements:

- Fixed remuneration comprises salary, superannuation, and other benefits provided that are not subject to any target achievement.
- Variable remuneration comprises a mixture of short term and long term incentives. These incentives usually consist of cash payments but have also in the past included the issue of share options under the Prime Television Share Option Scheme.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REMUNERATION REPORT
(CONTINUED)

Fixed remuneration

OBJECTIVE
Prime aims to set fixed annual remuneration levels at competitive market levels for jobs of comparable nature, size and level of responsibility.

Fixed remuneration levels are reviewed annually and the process consists of a review of company, business unit and individual performance as well as analysis of external market conditions.

STRUCTURE
Senior management staff are given the opportunity to receive their fixed remuneration in a number of forms, including cash, superannuation and fringe benefits such as motor vehicles. The methods of payment available are intended to give optimal benefit to the recipient without creating undue cost for the Company.

The fixed remuneration components of the 5 most highly remunerated executives are outlined in Table 2 on page 20.

Variable remuneration – Short Term Incentives

OBJECTIVE
The short term incentives are set in a manner that aims to link the achievement of the Company's operational targets with the remuneration received by the executives responsible for meeting those targets. The levels of short term incentives are set so as to provide sufficient incentive for senior managers to strive to achieve the set operational targets whilst maintaining a reasonable cost to the Company.

STRUCTURE
The actual short term incentive payments granted to each senior manager are dependent on the extent to which specific operational targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators covering both financial and non-financial performance measures. Typically, the KPI's will include a combination of direct targets as well as broader Company targets.

On an annual basis, the performance of each executive is assessed against their KPI's in determining the eligibility for payments from the short term incentive pool. The short term incentives for some executives are calculated in relation to predetermined formulas tied to their KPI's and fixed remuneration packages, whilst other executives are assessed against their KPI's, and the extent of the short term incentive payment made to these executives is at the discretion of the Remuneration Committee within the predetermined and authorised short term incentive pool.

The aggregate of short term incentive payments available to executives is subject to the approval of the Board of Directors as part of the annual budget process. Payment of short term incentives are usually delivered as a cash bonus or additional superannuation contributions, subject to compliance with relevant eligible contribution rules.

The short term incentive remuneration components of the 5 most highly remunerated executives are outlined in Table 2 on page 20.

Variable remuneration – Long Term Incentives

OBJECTIVE
The objective of long term incentives is to reward senior executives in a manner which aligns their interests more closely with those of the Company's shareholders.

STRUCTURE
The long term incentives are delivered through the granting of options to selected executives.

Recommendations in respect of allocations of share options under the Prime Television Share Option Scheme are made by the Remuneration Committee, for approval by the Board. In accordance with the Listing Rules of the Australian Stock Exchange, options proposed to be issued to executive directors are submitted for approval by shareholders in General Meeting. Terms and conditions of the Share Option Scheme are included in Note 25.

The long term incentive remuneration components of the 5 most highly remunerated executives are outlined in Table 2 on page 20.

There have been no options granted during the year ended 30 June 2005.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REMUNERATION REPORT

(CONTINUED)

TABLE 1: DIRECTOR REMUNERATION FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS		PRIMARY			POST EMPLOYMENT		EQUITY	OTHER	TOTAL
		SALARY & FEES $	BONUS $	NON-CASH BENEFITS $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	OPTIONS $	PAYMENTS ON TERMINATION $	$
P.J. Ramsay	**2005**	**50,000**	**–**	**–**	**4,500**	**–**	**–**	**–**	**54,500**
	2004	50,000	–	–	4,500	–	–	–	54,500
M.S. Siddle	**2005**	**46,200**	**–**	**–**	**4,158**	**–**	**–**	**–**	**50,358**
	2004	44,100	–	–	3,969	–	–	–	48,069
R.J. Cotton	**2005**	**42,000**	**–**	**–**	**3,780**	**–**	**–**	**–**	**45,780**
	2004	42,000	–	–	3,780	–	–	–	45,780
P.J. Evans	**2005**	**92,000**	**–**	**–**	**3,780**	**–**	**–**	**–**	**95,780**
	2004	42,000	–	–	3,780	–	–	–	45,780
P.T. Jackman	**2005**	**42,000**	**–**	**–**	**3,780**	**–**	**–**	**–**	**45,780**
	2004	42,000	–	–	3,780	–	–	–	45,780
A.A. Hamill	**2005**	**45,780**	**–**	**–**	**–**	**–**	**–**	**–**	**45,780**
	2004	34,335	–	–	–	–	–	–	34,335
Total Remuneration: Directors									
	2005	**317,980**	**–**	**–**	**19,998**	**–**	**–**	**–**	**337,978**
	2004*	254,435	–	–	19,809	–	–	–	274,244

TABLE 2: REMUNERATION† OF THE 5 SPECIFIED EXECUTIVES# WHO RECEIVED THE HIGHEST REMUNERATION FOR THE YEAR END 30 JUNE 2005

SPECIFIED EXECUTIVES		PRIMARY			POST EMPLOYMENT		EQUITY	OTHER	TOTAL
		SALARY & FEES $	BONUS $	NON-CASH BENEFITS $	SUPER-ANNUATION $	RETIREMENT BENEFITS $	OPTIONS $	PAYMENTS ON TERMINATION $	$
W. Syphers	**2005**	**203,924**	**15,766**	**10,381**	**11,585**	**–**	**2,152**	**–**	**243,808**
	2004	188,092	15,000	17,024	11,002	–	7,493	–	238,611
D. Edwards	**2005**	**188,998**	**99,807**	**2,221**	**11,585**	**–**	**2,035**	**–**	**304,646**
	2004	175,986	29,000	–	11,002	–	3,753	–	219,741
R. Howarth	**2005**	**203,697**	**30,657**	**8,054**	**11,585**	**–**	**–**	**–**	**253,993**
	2004	175,000	15,700	23,885	11,002	–	–	–	225,587
G. Smith	**2005**	**194,540**	**30,460**	**13,831**	**11,585**	**–**	**2,035**	**–**	**252,451**
	2004	189,481	15,600	8,020	11,002	–	3,753	–	227,856
A. Butorac	**2005**	**158,503**	**35,099**	**30,249**	**11,585**	**–**	**–**	**–**	**235,436**
Total Remuneration: Specified Executives									
	2005	**949,662**	**211,789**	**64,736**	**57,925**	**–**	**6,222**	**–**	**1,290,334**
	2004*	901,808	75,300	73,824	52,259	–	24,209	426,528	1,245,733

* Group totals in respect of the financial year ended 2004 do not necessarily equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

Notes

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

† The elements of remuneration have been determined on the basis of the cost to the Company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REMUNERATION REPORT
(CONTINUED)

Fair values of options:

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities", for all options granted to directors and relevant executives which had not vested as at 1 July 2003. The fair value of such grants is amortised and disclosed as part of director and executive remuneration on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e. forfeitures).

The fair value of each option is estimated on the date of grant using a Binomial option-pricing model with the following weighted average assumptions used for grants made on 20 November 2001, 30 January 2002 and 30 August 2002:

	20 NOVEMBER 2001	30 JANUARY 2002	30 AUGUST 2002
Dividend yield (%)	5.40	4.32	4.52
Expected volatility (%)	30-35	30-35	30-35
Historical volatility (%)	30-35	30-35	30-35
Risk-free interest rate (%)	4.86	5.40	5.30
Expected life of options (years)	4	4	4

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting weighted average fair values per option for those options vesting after 1 July 2003 are:

NUMBER OF OPTIONS	GRANT DATE	VESTING DATE	WEIGHTED AVERAGE FAIR VALUE
28,000	30 Aug 02	30 Aug 03	0.54
42,000	30 Aug 02	30 Aug 04	0.54
70,000	30 Aug 02	30 Aug 05	0.53
40,000	30 Jan 02	28 Feb 04	0.53
22,500	20 Nov 01	20 Nov 03	0.45
37,500	20 Nov 01	20 Nov 04	0.44

Currently, these fair values are not recognised as expenses in the financial statements. However, should these grants be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of $16,696 for the 2005 financial year (2004: $42,974). Note: no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest).

Auditor Independence

The directors received the following declaration from the auditor of Prime Television Limited.

ERNST & YOUNG

Ernst & Young House
51 Allara Street
Canberra ACT 2600
Australia

GPO Box 281
Canberra ACT 2601

Tel 61 2 6267 3888
Fax 61 2 6246 1500
DX 5608 Canberra

Auditor's Independence Declaration to the Directors of Prime Television Limited

In relation to our audit of the financial report of Prime televison Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

G.J. Knucky
Partner
22 September 2005

Signed in accordance with a resolution of the directors.

P.J. Evans
Director

Sydney, 23 September 2005

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Prime Television Limited are responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Prime Television Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Prime Television Limited's Corporate Governance Statement is structured with reference to the Australian Stock Exchange Corporate Governance Council's (the Council) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Corporate Governance Council's principles and recommendations are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Prime Television Limited's corporate governance practices were in place throughout the year ended 30 June 2005 and were compliant with the Council's best practice recommendations except as noted in this statement.

Composition of the Board at the date of this report

NAME	POSITION
Paul J. Ramsay	Non-Executive Chairman
Michael S. Siddle	Non-Executive Deputy Chairman
Ronald J. Cotton (resigned 2 September 2005)	Non-Executive Director
Peter J. Evans	Non-Executive Director
Terry Jackman	Non-Executive Director
Alex Hamill	Non-Executive Director

Details of the background and particular expertise of each director are set out in the Directors' Report.

In order to achieve the objectives of the Board as stated above, the composition of the Board is determined by applying the following principles:

- The Board consists of primarily non-executive directors;
- The Chairman of the Board should be a non-executive director;
- The directors should possess a broad range of skills, qualifications and experience; and
- The Board should meet on a regular basis.

Board Independence

The directors of Prime Television Limited have an overriding duty to perform their duties in the best interests of the Company. Directors are required to declare possible conflicts of interest, interests in contracts, other directorships or offices held, potential related party transactions and the acquisition or disposal of company shares.

Under the Prime Board Charter, where a conflict of interest arises, the director concerned declares the possible conflict of interest. The director is then excluded from all board discussions relating to the issue around which the conflict of interest has arisen.

Principle 2 of the ASX Good Corporate Governance Recommendations suggests that the Board should contain a majority of independent directors. Currently the Prime Board has 2 independent non-executive directors (Terry Jackman and Alex Hamill) and 3 non-executive directors (Paul Ramsay, Michael Siddle and Peter Evans). Principal 2 also recommends that an independent director undertake the role of chairman. The role of chairman of the Prime Board is currently held by Mr Paul Ramsay, a non-executive director.

Although the Company is non-compliant with the independence recommendations of Principal 2, the Board is of the view that the non-executive directors who represent Paul Ramsay Holdings Pty Ltd, have the necessary management, corporate, financial and operational expertise which is of value in their overview of the Company's affairs. Two of the non-independent directors, Paul Ramsay and Michael Siddle, have over 35 years experience in television industry matters having been part of the foundation of Prime Television Limited.

Changes to Board Composition

Messrs Ramsay and Siddle have been directors of Prime Television Limited since 1985. Mr Evans joined the board in March 1991. Mr Cotton was appointed to the board in May 1991 and served continuously until his retirement on 2 September 2005. Mr Jackman was appointed in February 1996. Mr Hamill was appointed to the board on 2 October 2003. Each appointment was approved unanimously by the then directors, following a recommendation from the Chairman.

In January 2003, the Board constituted an Executive Committee comprising Messrs Ramsay, Siddle and Evans to oversee the executive functions of the company. The Chief Executive Officer reports to this Committee.

It is policy that the Board must comprise a majority of non-executive directors, and that the Chairman shall be selected from the non-executive directors.

The appointment and removal of directors are governed by Articles 82-94 of the chief entity's Articles of Association. In short, directors appointed to fill casual vacancies must offer themselves for re-election at the next following Annual General Meeting of the Company. Also, at each Annual General Meeting, one third of the directors must offer themselves for re-election subject to the proviso that no director shall serve more than three years without being a candidate for re-election.

Structure of the Board and Board Committee Meetings

The Board normally holds 9 scheduled meetings during each financial year.

With one exception, members of the board reside in Sydney. Coupled with the relatively small size of the Board (comprising six non-executive directors), this proximity makes it relatively easy for members of the Board to meet in whole or in part outside of the formal meeting structure. For this reason, the Board as a whole is able to exercise its functions without the requirement for excessive formal subcommittee structures. Executive management has ready access to members of the board, and all board members are consulted on significant decisions, which have to be made between formal meetings.

On at least an annual basis, the Board sets aside two days for detailed discussions on the economic entity's business strategies at which presentations are received from senior managers.

Board Responsibilities

As the Board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board is responsible for formulating matters of strategy, the appointment of executive management, the review and approval of annual operating budgets and assessment of the performance of executive management against the operating budgets and assessment of the performance of executive management against the operating and strategic plans previously determined.

The responsibility for the operation and administration of the consolidated entity has been delegated by the Board to the Executive Committee of the Board, to whom the Chief Executive Officer reports (refer to Changes to Board Composition). The Board ensures that the management team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the Chief Executive Officer, Chief Operating Officer and the executive team. The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board.

Independent Professional Advice

Each director has the entitlement to seek independent professional advice at the expense of the Company in carrying out his duties as a director. The approval of the Chairman is required prior to the obtaining of such advice.

Audit Committee

The Board has established an Audit Committee.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational Key Performance Indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit Committee.

Members of the Audit Committee as at the date of this report are as follows:

- Mr P.J. Evans FCA (Chairman)
- Mr M.S. Siddle

Members of the Audit Committee must be non-executive directors.

The Audit Committee consists of only 2 members on the basis that the financial skills and experience of the existing committee members is such that the Audit Committee is able to effectively carry out its responsibilities in an independent and objective manner.

The responsibilities of the Audit Committee include:

- Approval of the external audit plan.
- Liaison with external auditors on the results and findings of the audit, and on recommendations made.
- Reviewing the performance of the external auditors.
- Oversight of accounting policies and procedures used within the economic entity and its subsidiaries.
- Reviewing drafts of interim and full year financial statements and making recommendations to the full Board in respect of their adoption.
- Oversight of the controls and procedures used within the economic entity, and recommendations in respect of systems of internal control.

CORPORATE GOVERNANCE STATEMENT

Details of the qualifications of Audit Committee members are set out in the Directors' Report attached to this statement.

Remuneration Committee

Members of the Remuneration Committee as at the date of this report are as follows:

- Mr P.T. Jackman (Chairman)
- Mr P.J. Evans
- Mr A.A. Hamill

The Remuneration Committee reviews the remuneration packages and employment conditions applicable to senior executives and any executive directors. In making these determinations, regard is given to comparable industry or professional salary levels, and to the specific performance of the individuals concerned. The Chairman of the Remuneration Committee makes recommendations in this respect to the full Board.

The remuneration of managers and staff other than senior executives and executive directors is within the authority of the Chief Executive Officer. The Chief Executive Officer has discretion in regard to the remuneration of individual managers subject to the proviso that the overall level of remuneration is within budget guidelines, as approved by the Board prior to preparation of the annual budget.

Recommendations in respect of allocations of share options under the Prime Television Share Option Scheme are made by the Remuneration Committee, for approval by the Board. In accordance with the Listing Rules of the Australian Stock Exchange, options issued to executive directors are required to be approved by shareholders in General Meeting. The terms and conditions of such options were approved by shareholders at the Annual General Meeting in 1992, and again in November 1995.

The remuneration of non-executive directors is determined by the Board as a whole, based on analysis having regard to survey comparisons, inflation trends, and to special responsibilities assumed by individual directors. The total quantum of directors' fees is subject to the approval of shareholders in General Meeting. An increase to the total aggregate directors' fees is recommended as part of the Annual General Meeting for 2005.

Business Risk

The economic entity operates in one industry, being free-to-air television broadcasting. This industry is closely regulated in each country in which the economic entity operates, and new licences can only be issued by the respective national governments after extensive review. Audience viewing habits tend to change relatively slowly, so that viewing shares and hence advertising shares can be budgeted with a reasonable degree of accuracy in a given year. The economic conditions in each country are closely monitored as these tend to influence the overall level of advertising spending.

The assessment of and response to business risks is handled by the Board as part of its general responsibilities. At each Board meeting or by monthly distribution, directors consider comprehensive written reports from each of the Chief Executive Officer, Chief Operating Officer, the General Manager of Prime New Zealand and the managers of the various markets and functions.

There is also an established practice within the economic entity whereby detailed minutes of local management meetings are circulated on a weekly basis. This covers all operations, and through this system of reporting it is believed that any event which entails material risk to the economic entity will come to the attention of the Board.

Television is largely a fixed cost business, and variations in performance from time to time largely stem from the impact of economic activity on revenue. The economic entity has sophisticated revenue tracking systems, which enable management to track current and future revenues on a daily basis.

It is believed that the most significant areas of risk to the economic entity are those which affect the free-to-air industry as a whole. This includes the impact of government policies, changes in broadcasting technology, competitive entertainment mediums, relative ratings performance etc. The ability of the economic entity to monitor or participate in such changes is enhanced by its membership of industry bodies in each country, which represent all free-to-air broadcasters in the formulation of industry views and positions.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

		CONSOLIDATED		PRIME TELEVISION LIMITED	
	NOTES	**2005 $ '000**	2004 $'000	**2005 $'000**	2004 $'000
Revenue from ordinary activities	2	**187,903**	169,245	**33,889**	31,492
Expenses from ordinary activities excluding borrowing costs	3	**(147,289)**	(133,257)	**2,310**	(634)
Borrowing costs expense	3	**(9,384)**	(9,964)	**(9,356)**	(9,963)
Profit from ordinary activities before income tax expense		**31,230**	26,024	**26,843**	20,895
Income tax (expense) relating to ordinary activities	4	**(10,615)**	(9,802)	**(8,065)**	(6,338)
Profit from ordinary activities after income tax expense attributable to members of Prime Television Limited	22(c)	**20,615**	16,222	**18,778**	14,557
Net exchange difference on translation of financial statements of foreign controlled entity	22(b)	**(58)**	538	**–**	–
Total revenues, expenses and valuation adjustments attributable to members of Prime Television Limited and recognised directly in equity		**(58)**	538	**–**	–
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Prime Television Limited		**20,557**	16,760	**18,778**	14,557
Basic earnings per share (cents per share)	29	**16.6**	13.2		
Diluted earnings per share (cents per share)	29	**16.6**	13.2		
Franked dividends per share (cents per share)	5	**12.5**	11.0		

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

		CONSOLIDATED		PRIME TELEVISION LIMITED	
	NOTES	**2005 $ '000**	2004 $'000	**2005 $'000**	2004 $'000
Current Assets					
Cash	23(b)	**10,263**	9,114	**–**	–
Receivables	6	**32,959**	31,412	**67**	71
Inventories	7	**8,875**	7,290	**–**	–
Prepayments	8	**663**	548	**–**	–
Total Current Assets		**52,760**	48,364	**67**	71
Non-Current Assets					
Receivables	9	**–**	–	**451,340**	425,209
Inventories	10	**511**	1,548	**–**	–
Investments	11	**332**	332	**213,504**	213,504
Property, plant and equipment	12	**65,330**	59,434	**99**	199
Future income tax benefit	4	**1,372**	2,169	**1,287**	2,082
Intangibles	13	**269,436**	269,436	**–**	–
Prepayments	14	**1,858**	2,247	**1,107**	999
Total Non-Current Assets		**338,839**	335,166	**667,337**	641,993
Total Assets		**391,599**	383,530	**667,404**	642,064
Current Liabilities					
Payables	15	**25,893**	21,850	**1,030**	28
Interest-bearing liabilities	16	**62**	–	**–**	–
Current tax liabilities	4	**4,592**	5,890	**4,612**	5,864
Provisions	17	**3,622**	6,237	**272**	3,243
Total Current Liabilities		**34,169**	33,977	**5,914**	9,135
Non-Current Liabilities					
Payables	18	**1,969**	1,734	**260,034**	235,170
Interest-bearing liabilities	19	**142,387**	140,000	**140,250**	140,000
Deferred tax liabilities	4	**1,676**	3,034	**1,678**	3,034
Provisions	20	**378**	347	**–**	–
Total Non-Current Liabilities		**146,410**	145,115	**401,962**	378,204
Total Liabilities		**180,579**	179,092	**407,876**	387,339
Net Assets		**211,020**	204,438	**259,528**	254,725
Equity					
Parent entity interest					
Contributed equity	21(a)	**185,462**	184,547	**185,462**	184,547
Reserves	22	**53,071**	53,129	**63,552**	63,552
(Accumulated losses)/Retained profits	22	**(27,513)**	(33,238)	**10,514**	6,626
Total Equity		**211,020**	204,438	**259,528**	254,725

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

		CONSOLIDATED		PRIME TELEVISION LIMITED	
	NOTES	2005 $ '000	2004 $'000	2005 $'000	2004 $'000
Cash Flows from Operating Activities					
Receipts from customers		**201,973**	180,736	**–**	–
Payments to suppliers and employees		**(152,632)**	(139,935)	**(574)**	(657)
Interest received		**719**	962	**706**	946
Borrowing costs paid		**(8,460)**	(10,740)	**(8,460)**	(10,739)
Income tax refunds received		**4**	1,061	**–**	1,020
Income tax paid		**(12,478)**	(5,965)	**(12,373)**	(1,402)
Net cash flows from/(used in) operating activities	23(a)	**29,126**	26,119	**(20,701)**	(10,832)
Cash Flows from Investing Activities					
Proceeds from sale of property, plant and equipment		**119**	1,468	**–**	–
Purchase of property, plant and equipment		**(14,320)**	(11,968)	**–**	–
Repayment of advances to related parties		**–**	–	**34,427**	24,696
Net cash flows from/(used in) investing activities		**(14,201)**	(10,500)	**34,427**	24,696
Cash Flows from Financing Activities					
Proceeds from issues of ordinary shares		**914**	4,009	**914**	4,009
Proceeds from borrowings		**250**	–	**250**	–
Repayments of borrowings		**–**	(5,000)	**–**	(5,000)
Payment of dividends		**(14,890)**	(12,892)	**(14,890)**	(12,892)
Net cash flows (used in) financing activities		**(13,726)**	(13,883)	**(13,726)**	(13,883)
Net increase/(decrease) in cash held		**1,199**	1,736	**–**	(19)
Add opening cash brought forward		**9,114**	7,337	**–**	19
Effects of exchange rate changes on cash		**(50)**	41	**–**	–
Closing cash carried forward	23(b)	**10,263**	9,114	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for certain assets, which are at fair value and at recoverable amount. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Prime Television Limited (the parent company) and all entities that Prime Television Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign currencies

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the economic entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

All overseas operations are deemed self-sustaining, as each is financially and operationally independent of Prime Television Limited. The accounts of overseas operations are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(e) Derivative financial instruments

Interest rate swaps

The consolidated entity enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

It is the consolidated entity's policy not to recognise interest rate swaps in the Statement of Financial Position. Net receipts and payments are recognised as an adjustment to interest expense.

(f) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(g) Receivables

Trade receivables are carried at nominal amounts due less any provision for doubtful debts. Non-current receivables have been discounted to their present value using a market-determined risk-adjusted discount rate. The movement between the present value and the nominal value is recognised as interest revenue. Credit terms for advertisers are subject to individual negotiation based upon an assessment of the credit standing of each customer. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Concentration of credit risk

The company provides advertising airtime to national, regional and local advertisers within the geographic areas in which the company operates. Credit is based on an evaluation of the customers' financial condition, and advance payment is not generally required. Credit losses are provided for in the financial statements and have consistently been within management's expectations. The maximum credit risk is limited to the carrying amount in the Statement of Financial Position.

(h) Investments in controlled entities

Investments in controlled entities are recorded at fair value, using directors' valuation. Any increment as a result of a revaluation is charged to the asset revaluation reserve in the Statement of Financial Position. Decrements are charged to the Statement of Financial Performance except to the extent that a credit exists in the asset revaluation reserve in respect of that same class of non-current assets. Unlisted shares are carried at the lower of cost or recoverable amount.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventory – program rights

Unused program rights have been valued at cost, based on the specific identification principle. Program rights are expensed as they are used. When multiple screenings of programs are allowed, the program cost is expensed on the first screening.

(j) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining the recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(k) Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold and leasehold land, at rates calculated to allocate the cost or valuation against revenue over their estimated useful lives.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Leasehold improvements

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

Major depreciation periods are:

	2005	2004
Freehold buildings:	**40 years**	40 years
Leasehold improvements:	**The lease term**	The lease term
Plant and equipment:	**3 to 15 years**	3 to 15 years
Plant and equipment under lease:	**15 years**	–

(m) Television licences

Television licences are brought to account at fair value, as determined by a directors' valuation. They consist of the right to broadcast television services to specific market areas. The licences are subject to renewal by the respective broadcasting authorities operating in Australia and New Zealand. The directors have no reason to believe the licences will not be renewed at the end of their legal terms and have not identified any factor that would affect their useful life. No amortisation is provided against these assets, as the directors believe that the life of the licences is of such duration, and the residual value would be such that the amortisation charge, if any, would not be material. Reference should also be made to note 13.

(n) Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Trade liabilities are normally settled on 30-day terms.

(o) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(p) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

(q) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria are recognised:

Advertising revenue

Broadcasting operations derive revenue primarily from the sale of advertising time, to local, regional and national advertisers. Revenue is recognised when the commercial announcements are broadcast.

Production revenue

Revenue is recognised at the time of invoicing the customers, which is on completion of the production.

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

(s) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the times items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax.

The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised. Where assets are re-valued, no provision for potential capital gains tax is made.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: a) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and b) receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues are recognised against profits on a net basis in their respective categories.

The contributions made to superannuation funds by entities within the economic entity are charged against profits when due.

The value of the employee share option scheme described in note 25 is not being charged as an employee benefits expense.

(u) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
2 REVENUE FROM ORDINARY ACTIVITIES				
Revenues from operating activities				
Advertising revenue	**182,610**	163,219	**–**	–
Other revenue	**4,472**	3,599	**–**	–
Total revenues from operating activities	**187,082**	166,818	**–**	–
Revenues from non-operating activities				
Interest				
– Received or receivable from:				
other persons	**702**	959	**690**	943
charged to controlled entities	**–**	–	**33,199**	30,549
Total interest	**702**	959	**33,889**	31,492
Proceeds from disposal of property, plant and equipment	**119**	1,468	**–**	–
Total revenues from non-operating activities	**821**	2,427	**33,889**	31,492
Total revenues from ordinary activities	**187,903**	169,245	**33,889**	31,492
3 EXPENSES AND LOSSES/(GAINS)				
Broadcasting and transmission expenses	**99,251**	87,081	**(2,971)**	–
Sales, marketing and administration expenses	**48,038**	46,176	**661**	634
Total expenses and losses from ordinary activities before borrowing cost expenses	**147,289**	133,257	**(2,310)**	634
(a) Expenses				
Depreciation and amortisation of non-current assets				
Plant and equipment	**10,064**	8,492	**100**	100
Buildings	**403**	367	**–**	–
Leasehold improvements	**42**	53	**–**	–
Plant & Equipment under lease	**37**	–	**–**	–
Total depreciation and amortisation expenses	**10,546**	8,912	**100**	100
Borrowing costs expensed				
Interest expense				
– Other persons	**8,811**	9,385	**8,783**	9,384
Other borrowing costs	**573**	579	**573**	579
Total borrowing costs expensed	**9,384**	9,964	**9,356**	9,963
Bad and doubtful debts – trade debtors	**225**	162	**–**	–
Operating lease expenditure	**12,983**	10,081	**–**	–
Superannuation contributions	**1,758**	2,322	**20**	20
b) Losses/(gains)				
Net (gain)/loss on disposal of property, plant and equipment	**52**	(220)	**–**	–
Net foreign currency (gains)	**(45)**	(342)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

4 INCOME TAX

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:				
Prima facie tax on profit from ordinary activities	**9,369**	7,807	**8,053**	6,268
Overseas tax rate differential	**(110)**	(176)	**–**	–
Tax effect of permanent differences				
Tax losses not recognised	**1,213**	1,940	**–**	–
Other items (net)	**148**	146	**1**	–
Under/(over) provision of previous year	**(5)**	85	**11**	70
Income tax expense attributable to ordinary activities	**10,615**	9,802	**8,065**	6,338
Tax assets and liabilities				
Current tax payable	**4,592**	5,890	**4,612**	5,864
Provision for deferred income tax – non-current	**1,676**	3,034	**1,678**	3,034
Future income tax benefit – non-current	**1,372**	2,169	**1,287**	2,082
Income tax losses				
Future income tax benefit arising from tax losses of a controlled entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain	**23,391**	22,175	**–**	–

This future income tax benefit will only be obtained if:
(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Prime Television Limited and its 100% owned subsidiaries formed a tax consolidated group. Members of the group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Prime Television Limited.

There was no material effect on the provision for deferred tax liabilities and future income tax benefits. Prime Television Limited formally notified the Australian Tax Office of its adoption of the tax consolidation regime when it lodged its 30 June 2003 consolidated tax return.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
5 DIVIDENDS PAID OR PROVIDED FOR				
(a) Dividends paid during the year				
(i) Current year interim				
Franked dividends (5.5 cents per share) (2004: 4.5 cents)				
– ordinary shares	**6,838**	5,569	**6,838**	5,569
(ii) Previous year final				
Franked dividends (6.5 cents per share) (2004: 6 cents)				
– ordinary shares	**8,052**	7,323	**8,052**	7,323
	14,890	12,892	**14,890**	12,892
(b) Dividends proposed and not recognised as a liability				
Franked dividends (7.0 cents per share) (2004: 6.5 cents)				
– ordinary shares	**8,704**	8,052	**8,704**	8,052
(c) Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
– franking account balance as at the end of the financial year at 30% (2004: 30%)			**10,434**	4,448
– franking credits that will arise from the payment of income tax payable as at the end of the financial year			**4,612**	5,864
– franking debits that will arise from the payment of dividends as at the end of the financial year			**–**	–
			15,046	10,312

The tax rate at which paid dividends have been franked is 30% (2004: 30%). Dividends proposed will be franked at the rate of 30% (2004: 30%).

6 RECEIVABLES (CURRENT)				
Trade debtors	**32,153**	29,042	**–**	–
Provision for doubtful debts	**(334)**	(211)	**–**	–
	31,819	28,831	**–**	–
Other receivables	**1,140**	2,581	**67**	71
	32,959	31,412	**67**	71
7 INVENTORIES (CURRENT)				
Program rights				
At cost	**8,875**	7,290	**–**	–
8 OTHER CURRENT ASSETS				
Prepayments	**663**	548	**–**	–
9 RECEIVABLES (NON-CURRENT)				
Related party receivables				
– Wholly-owned group				
– controlled entities	**–**	–	**451,340**	425,209

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

10 INVENTORIES (NON-CURRENT)

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Program rights				
At cost	**511**	1,548	**–**	–

11 INVESTMENTS (NON-CURRENT)

Investments at cost comprise:

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Shares in uncontrolled entities (unlisted) – cost	**332**	332	**3**	3
Controlled entities (unlisted) – at fair value 2005	**–**	–	**213,501**	213,501
Total investments	**332**	332	**213,504**	213,504

Investments in controlled entities are carried at directors' valuation using an earnings-based valuation methodology.

During the 2001/2002 financial year the economic entity formed an arrangement with Nine Network Limited to develop and grow the operations of the Prime New Zealand business. Under the terms of the arrangement the Nine Network provides, at no cost, programming, promotional support and management assistance to Prime New Zealand, and has taken an option to acquire 50% of the operation exercisable during the next three years. During the year ended 30 June 2005, Prime New Zealand continued to be consolidated by Prime Television Limited.

Investments in controlled entities comprises:

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY	
		2005 %	2004 %
Prime Television (Holdings) Pty Limited	Australia	**100**	100
And its controlled entities			
Zamojill Pty Limited	Australia	**100**	100
Prime Television (Southern) Pty Limited	Australia	**100**	100
Prime Television (Northern) Pty Limited	Australia	**100**	100
Prime Television (Victoria) Pty Limited	Australia	**100**	100
And its controlled entity:			
Prime Properties (Albury) Pty Limited	Australia	**100**	100
Prime Television New Zealand Limited	New Zealand	**100**	100
Erolquince Pty Limited	Australia	**100**	100
Prime Television (Investments) Pty Limited	Australia	**100**	100
And its controlled entity:			
Golden West Network Pty Limited	Australia	**100**	100
And its controlled entities:			
Mining Television Network Pty Limited	Australia	**100**	100
Telepro Pty Limited	Australia	**100**	100
Golden West Satellite Communications Pty Limited	Australia	**100**	100
Sonic Enterprises Pty Limited	Australia	**100**	100
135 Nominees Pty Limited	Australia	**100**	100
And its controlled entities:			
Mid-Western Television Pty Limited	Australia	**100**	100
Geraldton Telecasters Pty Limited	Australia	**100**	100
Prime Media Developments Pty Limited	Australia	**100**	100
Seven Affiliate Sales Pty Limited	Australia	**75**	75

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
12 PROPERTY, PLANT AND EQUIPMENT				
Freehold land – at Cost	**2,018**	2,017	**–**	–
Leasehold land – at Cost(i)	**197**	197	**–**	–
Total Land	**2,215**	2,214	**–**	–
Buildings on freehold land – at Cost	**5,663**	5,628	**–**	–
Less: Accumulated depreciation	**(1,800)**	(1,780)	**–**	–
	3,863	3,848	**–**	–
Buildings on leasehold land – at Cost(i)	**10,049**	10,270	**–**	–
Less Accumulated amortisation	**(1,534)**	(1,289)	**–**	–
	8,515	8,981	**–**	–
Buildings on freehold land – at Recoverable Amount	**3,036**	3,036	**–**	–
Less: Accumulated depreciation	**(308)**	(232)	**–**	–
	2,728	2,804	**–**	–
Total Buildings	**15,106**	15,633	**–**	–
Leasehold Improvements – at Cost	**509**	688	**–**	–
Less: Accumulated amortisation	**(337)**	(478)	**–**	–
	172	210	**–**	–
Plant and Equipment – at Cost	**125,096**	141,385	**2,503**	2,601
Less: Accumulated depreciation	**(79,393)**	(100,008)	**(2,404)**	(2,402)
	45,703	41,377	**99**	199
Plant and Equipment under lease – at Cost	**2,171**	–	**–**	–
Less: Accumulated amortisation	**(37)**	–	**–**	–
	2,134	–	**–**	–
Total written down amount	**65,330**	59,434	**99**	199

(i) Includes land located in the Australian Capital Territory, which under ACT legislation has a 99-year lease period. Also includes Leasehold Strata Units located in Sydney, which are held under a 99 year lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PRIME TELEVISION LIMITED 2005 $'000	PRIME TELEVISION LIMITED 2004 $'000
Freehold land				
Carrying amount at beginning	**2,017**	2,154	**–**	–
Disposals	**–**	(170)	**–**	–
Net foreign currency movements arising from self-sustaining foreign operation	**1**	33	**–**	–
	2,018	2,017	**–**	–
Leasehold land	**197**	197	**–**	–
	2,215	2,214	**–**	–
Buildings on freehold land				
Carrying amount at beginning	**6,652**	7,700	**–**	–
Additions	**165**	70	**–**	–
Disposals	**(10)**	(995)	**–**	–
Depreciation expense	**(222)**	(225)	**–**	–
Net foreign currency movements arising from self-sustaining foreign operation	**6**	102	**–**	–
	6,591	6,652	**–**	–
Buildings on leasehold land				
Carrying amount at beginning	**8,981**	4,473	**–**	–
Additions	**–**	4,650	**–**	–
Disposals	**(222)**	–	**–**	–
Amortisation expense	**(244)**	(142)	**–**	–
	8,515	8,981	**–**	–
Total Buildings	**15,106**	15,633	**–**	–
Leasehold Improvements				
Carrying amount at beginning	**210**	216	**–**	–
Additions	**15**	66	**–**	–
Disposals	**(9)**	(18)	**–**	–
Amortisation expense	**(44)**	(54)	**–**	–
	172	210	**–**	–
Plant and equipment				
Carrying amount at beginning	**41,377**	42,092	**199**	299
Additions	**14,461**	7,667	**–**	–
Disposals	**(154)**	(66)	**–**	–
Depreciation expense	**(9,999)**	(8,492)	**(100)**	(100)
Net foreign currency movements arising from self-sustaining foreign operation	**18**	176	**–**	–
	45,703	41,377	**99**	199
Plant and equipment under lease				
Carrying amount at beginning	**–**	–	**–**	–
Additions	**2,171**	–	**–**	–
Amortisation expense	**(37)**	–	**–**	–
	2,134	–	**–**	–
Total Plant and equipment	**47,837**	41,377	**99**	199

(c) Assets pledged as security

Assets under lease are pledged as security for the associated lease liabilities.

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

13 INTANGIBLE ASSETS

Television Licences and Associated Rights				
At fair value – 30 June 2005	**269,436**	269,436	**–**	–

Television licences are brought to account at directors' valuation, which is based on the capitalisation of estimated maintainable profits derivable from these assets. They consist of the right to broadcast television services to specific market areas. The licences are subject to renewal by the respective broadcasting authorities operating in Australia and New Zealand. The directors have no reason to believe the licences will not be renewed at the end of their legal terms and have not identified any factor that would affect their useful life. No amortisation is provided against these assets, as the directors believe that the life of the licences is of such duration, and the residual value would be such that the amortisation charge, if any, would not be material.

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

14 OTHER NON-CURRENT ASSETS

Prepayments	**1,858**	2,247	**1,107**	999

15 PAYABLES (CURRENT)

Unsecured				
Trade creditors	**7,572**	3,390	**–**	–
Accrued expenses	**18,321**	18,460	**1,030**	28
	25,893	21,850	**1,030**	28

16 INTEREST-BEARING LIABILITIES (CURRENT)

Borrowings secured				
– Finance lease liability	**62**	–	**–**	–

17 PROVISIONS (CURRENT)

Employee benefits	**3,622**	3,146	**272**	272
Restructuring[(a)]	**–**	120	**–**	–
Other provisions	**–**	2,971	**–**	2,971
	3,622	6,237	**272**	3,243

(a) Restructuring Provision related to restructuring of technical and operational facilities of controlled entities.

18 PAYABLES (NON-CURRENT)

Unsecured				
Accrued expenses	**1,969**	1,734	**–**	–
Amounts other than trade debts payable to:				
Wholly owned Group				
– Controlled entities	**–**	–	**260,034**	235,170
	1,969	1,734	**260,034**	235,170

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

19 INTEREST-BEARING LIABILITIES (NON-CURRENT)

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Borrowings secured				
– Finance lease liability	**2,137**	–	**–**	–
– Bank loans	**140,250**	140,000	**140,250**	140,000
	142,387	140,000	**140,250**	140,000

20 PROVISIONS (NON-CURRENT)

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Employee benefits	**378**	347	**–**	–

21 CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Ordinary shares fully paid				
124,338,225 shares (2004: 123,869,725 shares)	**185,462**	184,547	**185,462**	184,547

(b) Movements in shares on issue

	2005		2004	
ORDINARY	**NUMBER OF SHARES**	**$'000**	NUMBER OF SHARES	$'000
Beginning of the financial year	**123,869,725**	**184,547**	121,802,225	180,538
Issued during the year				
– executive share options	**468,500**	**915**	2,067,500	4,009
End of the financial year	**124,338,225**	**185,462**	123,869,725	184,547

On 13 September 2001, the economic entity announced a capital management program, pursuant to which it is able to make on-market purchases of ordinary shares. The economic entity is able to purchase up to 10% of the ordinary shares in any twelve-month period.

(c) Share options

Options over ordinary shares:

Employee share scheme

During the financial year, nil options were issued over ordinary shares.

At the end of the year there were 144,000 (2004: 672,500) unissued ordinary shares in respect of which options were outstanding.

(d) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

22 RESERVES AND (ACCUMULATED LOSSES)/ RETAINED PROFITS

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Asset revaluation	**53,718**	53,718	**63,552**	63,552
Foreign currency translation	**(647)**	(589)	**–**	–
	53,071	53,129	**63,552**	63,552
(Accumulated losses)/Retained profits	**(27,513)**	(33,238)	**10,514**	6,626

(a) Asset revaluation

(i) Nature and purpose of reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(ii) Movements in reserve

Balance at beginning of year	**53,718**	53,718	**63,552**	63,552
Balance at end of year	**53,718**	53,718	**63,552**	63,552

(b) Foreign currency translation

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

(ii) Movements in reserve

Balance at beginning of year	**(589)**	(1,127)	**–**	–
Gain/(loss) on translation of overseas controlled entities	**(58)**	538	**–**	–
Balance at end of year	**(647)**	(589)	**–**	–

(c) (Accumulated losses)/Retained profits

Balance at the beginning of year	**(33,238)**	(36,568)	**6,626**	4,961
Net profit attributable to members of Prime Television Limited	**20,615**	16,222	**18,778**	14,557
Total available for appropriation	**(12,623)**	(20,346)	**25,404**	19,518
Dividends provided for or paid	**(14,890)**	(12,892)	**(14,890)**	(12,892)
Balance at end of year	**(27,513)**	(33,238)	**10,514**	6,626

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

23 STATEMENT OF CASH FLOWS

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
(a) Reconciliation of the net profit after tax to the net cash flows from operations				
Net profit	**20,615**	16,222	**18,778**	14,557
Non-Cash Items				
Non-cash interest income	**–**	–	**(33,199)**	(30,549)
Depreciation and amortisation	**10,546**	8,912	**100**	100
Amortisation of borrowing costs	**573**	573	**573**	573
Restructuring costs	**(120)**	(628)	**–**	–
Provision for doubtful debts	**219**	120	**–**	–
Net (profit)/loss on disposal of property, plant and equipment	**52**	(220)	**–**	–
Changes in assets and liabilities				
(Increase)/decrease in receivables	**(2,653)**	(2,956)	**(2,489)**	3,249
(Increase)/decrease in inventory	**(568)**	1,157	**–**	–
(Increase)/decrease in future income tax benefit	**797**	164	**795**	(1,030)
(Increase)/decrease in prepayments	**(160)**	1,983	**(681)**	(101)
(Decrease)/increase in creditors	**1,971**	(3,908)	**1,001**	(1,372)
(Decrease)/increase in tax provision	**(1,297)**	5,033	**(1,252)**	840
(Decrease)/increase in deferred tax liability	**(1,358)**	(299)	**(1,356)**	2,901
(Decrease)/increase in employee entitlements	**509**	(34)	**–**	–
(Decrease)/increase in other provisions	**–**	–	**(2,971)**	–
Net cash flow from operating activities	**29,126**	26,119	**(20,701)**	(10,832)
(b) Reconciliation of cash				
Cash balance comprises:				
– cash assets	**10,263**	9,114	**–**	–
Closing cash balance	**10,263**	9,114	**–**	–
(c) Financing facilities available				
At reporting date, the following financing facilities had been negotiated and were available:				
Total facilities				
– bank loans(i)	**200,000**	140,000	**200,000**	140,000
Facilities used at reporting date				
– bank loans(i)	**140,250**	140,000	**140,250**	140,000
Facilities un-used at reporting date				
– bank loans(i)	**59,750**	–	**59,750**	–

(i) The Facility was arranged and underwritten by ANZ Investment Bank and is secured over all Australian Group assets.

Finance Lease Transactions

During the year the entity acquired plant & equipment with an aggregate fair value of $2.2 million, (2004: Nil), by means of finance leases.

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

24 EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not provided for, payable:				
– not later than one year	**1,784**	1,234	**–**	–

(b) Programming commitments:

– not later than one year	**4,340**	4,650	**–**	–
– later than one year and not later than five years	**20,873**	19,399	**–**	–
– later than five years	**6,440**	12,460	**–**	–
	31,653	36,509	**–**	–

(c) Lease expenditure commitments

Operating leases (non-cancellable):				
Minimum lease payments				
– not later than one year	**7,367**	4,776	**–**	–
– later than one year and not later than five years	**22,602**	15,760	**–**	–
– later than five years	**25,114**	8,458	**–**	–
Aggregate lease expenditure contracted for at reporting date	**55,083**	28,994	**–**	–

Operating leases have an average lease term for Motor Vehicles 3 years, Building Rentals 3 years + 3 year options and Transmission Agreements 5-15 years. Motor Vehicle leases are fixed monthly rentals for the term of the lease. Building Rentals are generally fixed for the initial lease term, then subject to CPI adjustments if options are taken up. The majority of the transmission site leases are rentals that are subject to annual CPI adjustment.

Certain assets under operating leases have been sub-let to third parties. The total of future minimum lease payments expected to be received at the reporting date is $3,050,000.

	CONSOLIDATED		PRIME TELEVISION LIMITED	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

(d) Other commitments covering the rental of technical equipment under a long term agreement

– not later than one year	**6,587**	5,390	**–**	–
– later than one year and not later than five years	**24,854**	20,798	**–**	–
– later than five years	**27,089**	31,678	**–**	–
	58,530	57,866	**–**	–

(e) Finance lease commitments:

– not later than one year	**230**	–	**–**	–
– later than one year and not later than five years	**1,228**	–	**–**	–
– later than five years	**1,829**	–	**–**	–
Total Minimum lease payments	**3,287**	–	**–**	–
– future finance charges	**(1,088)**	–	**–**	–
Lease Liability	**2,199**	–	**–**	–
– current liability	**62**	–	**–**	–
– non-current liability	**2,137**	–	**–**	–
	2,199	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

		CONSOLIDATED		PRIME TELEVISION LIMITED	
	NOTES	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000

25 EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

EMPLOYEE BENEFITS

The aggregate employee benefit liability is comprised of:					
Accrued wages, salaries and on-costs		**–**	695	**–**	–
Provisions (current)	17	**3,622**	3,146	**272**	272
Provisions (non-current)	20	**378**	347	**–**	–
		4,000	4,188	**272**	272

EMPLOYEE SHARE INCENTIVE SCHEME

The economic entity has in place an Executive Share Option Scheme. At two Annual General Meetings (1992 and 1995), shareholders have given approval to the terms of the Prime Television Share Option Scheme presented to the meetings. Participation in the Scheme is available to any Director of the parent entity and any person who is in the employment of the economic entity. Recommendations in respect of allocations of share options under the Scheme are made by the Remuneration Committee, for approval by the Board. The total number of Options on issue by the parent entity shall not at any time exceed five per cent (5%) of the parent entity's total number of ordinary shares on issue of which the total number of Options on issue by the parent entity to directors of the parent entity shall not exceed two point five per cent (2.5%) of the total number of ordinary shares on issue.

Information with respect to the number of options granted under the employee share incentive scheme is as follows:

	2005		2004	
	NUMBER OF OPTIONS	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance at beginning of year	**672,500**	**1.95**	2,740,000	1.94
– granted	**–**	**–**	–	–
– exercised	**468,500**	**1.95**	2,067,500	1.94
– cancelled	**60,000**	**1.95**	–	–
Balance at end of year	**144,000**	**1.96**	672,500	1.95
Exercisable at end of year	**114,000**	**1.96**	8,000	1.95

(a) Options held at the beginning of the reporting period:

The following table summarises information about options held by employees as at 1 July 2004:

NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE $
499,000	15.09.00	15.09.05	1.97
136,000	30.08.02	30.08.07	1.95
37,500	20.11.01	20.11.06	1.72

(b) Options granted during the reporting period:

During the year nil options were granted.

25 EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (CONTINUED)

EMPLOYEE SHARE INCENTIVE SCHEME (CONTINUED)

(c) Options exercised

(i) The following table summarises information about options exercised by employees during the year ended 30 June 2005:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE $	PROCEEDS FROM SHARES ISSUED	NUMBER OF SHARES ISSUED	ISSUE DATE	FAIR VALUE OF SHARES ISSUED
400,000	15.09.00	30.11.04	15.09.05	1.97	788,000	400,000	30.11.04	3.16
10,000	30.08.02	30.11.04	30.08.07	1.95	19,500	10,000	30.11.04	3.16
32,500	20.11.01	30.11.04	20.11.06	1.72	55,900	32,500	30.11.04	3.16
6,000	30.08.02	01.12.04	30.08.07	1.95	11,700	6,000	01.12.04	3.15
10,000	30.08.02	08.12.04	30.08.07	1.95	19,500	10,000	08.12.04	3.16
10,000	30.08.02	07.06.05	30.08.07	1.95	19,500	10,000	07.06.05	3.15

(ii) The following table summarises information about options exercised by employees during the year ended 30 June 2004:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE $	PROCEEDS FROM SHARES ISSUED	NUMBER OF SHARES ISSUED	ISSUE DATE	FAIR VALUE OF SHARES ISSUED
200,000	15.09.00	30.07.03	15.09.05	1.97	394,000	200,000	30.07.03	2.61
50,000	15.10.01	30.07.03	15.10.06	1.70	85,000	50,000	30.07.03	2.61
15,000	20.11.01	20.10.03	20.11.06	1.72	25,800	15,000	20.10.03	2.56
302,000	15.09.00	01.12.03	15.09.05	1.97	594,940	302,000	01.12.03	2.42
22,500	20.11.01	01.12.03	20.11.06	1.72	38,700	22,500	01.12.03	2.42
50,000	15.09.00	07.01.04	15.09.05	1.97	98,500	50,000	07.01.04	2.60
100,000	15.09.00	12.01.04	15.09.05	1.97	197,000	100,000	12.01.04	2.50
550,000	15.09.00	12.02.04	15.09.05	1.97	1,083,500	550,000	12.02.04	2.55
50,000	15.10.01	12.02.04	15.10.06	1.70	85,000	50,000	12.02.04	2.55
50,000	15.10.01	26.02.04	15.10.06	1.70	85,000	50,000	26.02.04	2.51
250,000	15.09.00	26.02.04	15.09.05	1.97	492,500	250,000	26.02.04	2.51
4,000	30.08.02	26.02.04	30.08.07	1.95	7,800	4,000	26.02.04	2.51
50,000	15.10.01	02.03.04	15.10.06	1.70	85,000	50,000	02.03.04	2.45
250,000	15.09.00	02.03.04	15.09.05	1.97	492,500	250,000	02.03.04	2.45
49,000	15.09.00	01.04.04	15.09.05	1.97	96,530	49,000	01.04.04	2.55
50,000	30.01.02	04.05.04	30.01.07	2.18	109,000	50,000	04.05.04	2.60
25,000	29.05.01	04.05.04	29.05.06	1.59	39,750	25,000	04.05.04	2.60

Fair value of shares issued during the reporting period is estimated to be the market price of shares of Prime Television Limited on the ASX as at close of trading on their respective issue dates.

(d) Options held as at the end of the reporting period:

The following table summarises information about options held by the employees as at 30 June 2005:

NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	AVERAGE EXERCISE PRICE
99,000	15.09.00	15.09.05	1.97
40,000 (a)	30.08.02	30.08.07	1.95
5,000 (b)	20.11.01	20.11.06	1.72

Vesting Date

(a), (b) These options are subject to specific conditions regulating their exercise which include phased vesting on an annual basis with full vesting after three years, and the requirement for the parent entity share price to appreciate by at least 20% above the Offering Price (Exercise Price) for a continuous period of at least three ASX trading days prior to the vesting date, as a pre-condition to exercise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

25 EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (CONTINUED)

SUPERANNUATION COMMITMENTS

A superannuation plan has been established by the economic entity for the provision of benefits to Australian employees of the economic entity on retirement, death or disability. Benefits provided under this plan are based on contributions for each employee and at retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life assurance companies. Employees contribute various percentages of their gross income and the company also contributes at varying rates. The Company's contributions under the Superannuation Guarantee Levy are legally enforceable. Employees based in New Zealand are covered by that country's national welfare system.

26 CONTINGENT LIABILITIES

The economic entity has not entered into any Agreements which would give rise to a contingent liability in the current year.

27 SUBSEQUENT EVENTS

On 1 September 2005, the group completed the acquisition of six radio licences in Queensland from Macquarie Regional Radioworks.

28 ECONOMIC DEPENDENCY

A large proportion of television programs of the economic entity are delivered by Amalgamated Television Services Pty Limited on behalf of the Seven Network (the Network) in accordance with program purchasing arrangements (the arrangements) in force until 2009 and 2011. Prior to the execution of the arrangements, the economic entity had an earlier agreement with the Network that ran from 1989 to 1999. These arrangements allow (but do not compel) the economic entity to broadcast all programs screened by the Network, for a fee that is either flat or calculated by reference to the revenues earned by the economic entity within a particular licence area. The arrangements are typical of those in place between all regional television broadcasters and the metropolitan networks, and include provisions dealing with the delivery of programs, the rights of the economic entity to broadcast the programs, the procedure for extension of the arrangements, the Network's rights upon changes of control or insolvency of the economic entity, the formulae for calculation of payments and the procedures for resolution of disputes.

29 EARNINGS PER SHARE

	CONSOLIDATED	
	2005 $'000	2004 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	**20,615**	16,222
Earnings used in calculating basic and diluted earnings per share	**20,615**	16,222
	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares used in calculating basic earnings per share:	**124,136,426**	122,759,893
Effect of dilutive securities:		
Share options	**48,208**	145,299
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**124,184,634**	122,905,192
Basic earnings per share (cents per share)	**16.6**	13.2
Diluted earnings per share (cents per share)	**16.6**	13.2

30 AUDITORS' REMUNERATION

	CONSOLIDATED 2005 $	CONSOLIDATED 2004 $	PRIME TELEVISION LIMITED 2005 $	PRIME TELEVISION LIMITED 2004 $
Amounts received or due and receivable by:				
Ernst & Young Australia for:				
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	**209,289**	205,000	**209,289**	205,000
– other services in relation to the entity and any other entity in the consolidated entity	**166,164**	164,109	**166,164**	164,109
	375,453	369,109	**375,453**	369,109
Amounts received or due and receivable by auditors other than Ernst & Young Australia for:				
– an audit or review of the financial report of a subsidiary entity	**34,683**	27,487	**–**	–
– other services in relation to a subsidiary entity	**18,666**	27,919	**–**	–
	53,349	55,406	**–**	–
	428,802	424,515	**375,453**	369,109

31 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of directors and specified executives

(i) Directors

P.J. Ramsay	Chairman (non-executive)
M.S. Siddle	Deputy Chairman (non-executive)
R.J. Cotton	Director (non-executive) (resigned 2 September 2005)
P.J. Evans	Director (non-executive)
P.T. Jackman	Director (non-executive)
A.A. Hamill	Director (non-executive)

(ii) Specified executives

W. Syphers	Chief Executive Officer, Chief Financial Officer and Company Secretary, Prime Television Limited
D. Edwards	Chief Operating Officer, Prime Australia
R. Howarth	General Manager of Seven Affiliate Sales Pty Limited
G. Smith	General Manager Engineering
A. Butorac	General Manager Broadcast Operations of Prime Australia

(b) Remuneration of directors and specified executives

(i) Remuneration Policy

Refer to the Remuneration Report.

(ii) Remuneration of directors and specified executives

Refer to the Remuneration Report.

(c) Remuneration options: granted and vested during the year

During the financial year no options were granted to specified directors or executives.

	VESTED NUMBER
Specified executives	
W. Syphers	37,500
G. Smith	6,000
D. Edwards	6,000
	49,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

31 DIRECTOR AND EXECUTIVE DISCLOSURES
(CONTINUED)

(d) Shares issued on exercise of remuneration options

	SHARES ISSUED NUMBER	PAID $ PER SHARE	UNPAID $ PER SHARE
Specified executives			
W. Syphers	32,500	1.72	–
G. Smith	10,000	1.95	–
Total	42,500		

(e) Option holdings of specified directors and specified executives

	BALANCE AT BEGINNING OF PERIOD 1 JULY 2004	GRANTED AS REMUNER-ATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF PERIOD 30 JUNE 2005	VESTED AT 30 JUNE 2005 TOTAL	NOT EXERCISABLE	EXERCISABLE
Directors								
P.J. Ramsay	–	–	–	–	–	–	–	–
M.S. Siddle	–	–	–	–	–	–	–	–
R.J. Cotton	–	–	–	–	–	–	–	–
P.J. Evans	–	–	–	–	–	–	–	–
P.T. Jackman	–	–	–	–	–	–	–	–
A.A. Hamill	–	–	–	–	–	–	–	–
Specified executives								
G. Smith	20,000	–	10,000	–	10,000	–	–	–
W. Syphers	37,500	–	32,500	–	5,000	5,000	–	5,000
D. Edwards	20,000	–	–	–	20,000	10,000	–	10,000
Total	77,500	–	42,500	–	35,000	15,000	–	15,000

(f) Shareholdings of specified directors and specified executives

Shares held in Prime Television Limited (number):

	BALANCE 1 JULY 04 ORD.	GRANTED AS REMUNERATION ORD.	ON EXERCISE OF OPTIONS ORD.	NET CHANGE OTHER ORD.	BALANCE 30 JUNE 05 ORD.
Directors					
P.J. Ramsay	50,339,081	–	–	923,699	51,262,780
M.S. Siddle	10,210	–	–	–	10,210
R.J. Cotton	2,921	–	–	–	2,921
P.J. Evans	5,000	–	–	–	5,000
P.T. Jackman	–	–	–	–	–
A.A. Hamill	–	–	–	–	–
Specified executives					
D. Edwards	–	–	–	–	–
W. Syphers	–	–	32,500	(32,000)	500
R. Howarth	–	–	–	–	–
G. Smith	–	–	10,000	(10,000)	–
A. Butorac	–	–	–	–	–
Total	50,357,212	–	42,500	881,699	51,281,411

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

31 DIRECTOR AND EXECUTIVE DISCLOSURES
(CONTINUED)

(g) Loans to directors and specified executives

Details of aggregates of loans to specified directors and specified executives are as follows:

	BALANCE AT BEGINNING OF PERIOD $	INTEREST CHARGED $	INTEREST NOT CHARGED $	WRITE-OFF $	BALANCE AT END OF PERIOD $	NUMBER IN GROUP 30 JUNE 2005
Directors						
2005	**–**	**–**	**–**	**–**	**–**	**–**
2004	–	–	–	–	–	–
Specified executives						
2005	**–**	**–**	**1**	**–**	**30,000**	**1**
2004	–	–	–	–	–	–
Total directors and specified executives						
2005	**–**	**–**	**1**	**–**	**30,000**	**1**
2004	–	–	–	–	–	–

(h) Other transactions and balances with directors and specified executives

There were no other transactions and balances with directors or specified executives other than those disclosed in this note during the year ended 30 June 2005.

32 RELATED PARTY DISCLOSURES

Ultimate parent

Paul Ramsay Holdings Pty Limited is the ultimate Australian controlling entity.

Wholly-owned group transactions

Sales made, revenue collected and payments disbursed, are under normal commercial terms and conditions. Interest and borrowing costs recoveries are assessed on outstanding balances between entities within the wholly owned group.

Transactions with other related parties

Seven Affiliate Sales sells national airtime on behalf of Prime Television Limited and Seven Queensland. Costs are reimbursed on the basis of percentage share of revenue. During the financial year Prime Television Limited paid approximately 80% of the operating expenses of Seven Affiliate Sales amounting to $4,327,221 (2004: $4,386,142).

As Seven Affiliate Sales is a controlled entity all of the results of its operation have been consolidated into the Prime Television Limited financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

33 SEGMENT INFORMATION – PRIMARY SEGMENT

Segment accounting polices

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information. The group operated during the reporting period in two geographical segments, Australia and New Zealand, and in the business segment of Television Broadcasting.

GEOGRAPHICAL SEGMENT	CONSOLIDATED	
	2005 $'000	**2004 $'000**
Operating Revenue		
External Customers		
Australia	**164,201**	153,525
New Zealand	**23,702**	15,720
Total consolidated revenue	**187,903**	169,245
Segment Result		
Australia	**44,289**	41,866
New Zealand	**(3,675)**	(5,878)
Profit before non-recurring items, borrowing costs and tax	**40,614**	35,988
Borrowing Costs	**(9,384)**	(9,964)
Profit before tax	**31,230**	26,024
Income tax (expense)	**(10,615)**	(9,802)
Profit from ordinary activities after tax	**20,615**	16,222
Segment Assets		
Australia	**367,479**	367,849
New Zealand	**24,120**	15,681
Total Assets	**391,599**	383,530
Segment Liabilities		
Australia	**171,798**	175,291
New Zealand	**8,781**	3,801
Total Liabilities	**180,579**	179,092

Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets		
Australia	**9,769**	11,617
New Zealand	**5,375**	351
	15,144	11,968
Depreciation and amortisation		
Australia	**9,374**	7,974
New Zealand	**1,172**	938
	10,546	8,912
Non-cash expenses other than depreciation and amortisation		
Australia	**1,229**	706
New Zealand	**97**	23
	1,326	729

34 FINANCIAL INSTRUMENTS

(a) Terms and conditions

At balance date, the company had interest rate swap agreements with a notional amount of $125 million, (2004: $110 million) on which it pays between 6.515% and 6.600% interest and receives the Bank Bill Swap Rate. The swap is used to protect part of the borrowings from exposure to increasing interest rates. The swaps in place cover 89% (2004: 79%) of the borrowings outstanding at balance date. Swap agreements expire in April 2010.

(b) Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	TOTAL CARRYING AMOUNT AS PER THE STATEMENT OF FINANCIAL POSITION		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		MATURITY DATE AT 30 JUNE 2005
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000	
Financial Instruments					
Cash – Floating	**10,263**	9,114	**4.63%**	4.38%	–
Bank Loans – Floating	**140,250**	140,000	**6.15%**	5.80%	20 May 2010
Interest Rate – Swap	**125,000**	110,000	**(*)**	(*)	Refer Note 34(a)

* the disclosure of effective interest rates is not applicable to derivative financial instruments.

All other financial instruments are interest free.

(c) Net fair values

The total carrying amount as per the balance sheet for financial assets and financial liabilities equals their aggregate net fair value.

35 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

MANAGEMENT OF THE TRANSITION TO AUSTRALIAN EQUIVALENTS OF INTERNATIONAL FINANCIA ACCOUNTING STANDARDS (AIFRS).

Prime Television Limited is in the process of transitioning its accounting policies and financial reporting from Australian Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. The transitioning process has involved the following phases:

1. Impact Assessment;
2. System evaluation and change planning;
3. Implementation of system changes and AASB equivalents to IFRS accounting standards.

During the year ended 30 June 2005 priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, Prime's transition date to AIFRS. This opening balance sheet will form the basis of accounting under AIFRS in the future, and is required when Prime prepares its fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

(a) ongoing work being undertaken in the transitioning process;
(b) potential amendments to AIFRS's and Interpretations thereof; and
(c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

35 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS
(CONTINUED)

KNOWN IMPACTS ON TRANSITION TO AIFRS AND THE YEAR ENDED 30 JUNE 2005 – QUANTIFIED

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS

		CONSOLIDATED		PRIME TELEVISION LIMITED	
	NOTES	**30 JUNE 2005 (**) $'000**	1 JULY 2004 (*) $'000	**30 JUNE 2005 (**) $'000**	1 JULY 2004 (*) $'000
Total equity under AGAAP		**211,020**	204,438	**259,528**	254,725
Adjustments to retained earnings					
Write back of Revaluation of Television Licences	(i)	**(32,756)**	(32,756)	**–**	–
Transfer of Foreign Currency Translation reserve to Retained Earnings	(ii)	**(589)**	(589)	**–**	–
		(33,345)	(33,345)	**–**	–
Adjustments to other reserves					
Write back of Revaluation of Television Licences	(i)	**(53,717)**	(53,717)	**–**	–
Transfer of Foreign Currency Translation reserve to Retained Earnings	(ii)	**589**	589	**–**	–
		(53,128)	(53,128)	**–**	–
Total equity under AIFRS		**124,547**	117,965	**259,528**	254,725

* This column represents the adjustments as at the date of transition to AIFRS.

** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005.

Intangible Assets – Television Licences

(i) Under AASB 138, intangible assets must be initially measured at cost and revaluation of the asset is only permitted where an active market exists for the asset. AASB138 specifically states that mastheads, brands and other such assets are unlikely to have active markets due to their unique nature. The economic entity is of the understanding that this interpretation would also cover television licences, and as such the economic entity will be required to write-back all previous revaluation increments against the existing asset revaluation reserve and retained earnings. An adjustment to retained earnings will arise as the current balance of the asset revaluation reserve includes the impact of previous revaluation decrements to this asset class which will not reverse under AIFRS.

In accordance with AASB 138, the television licences are considered to have indefinite useful lives because based on relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows to the Group. Consequently, these intangible assets will not be subject to amortisation charges, but will be subject to annual impairment testing in accordance with AASB 136 *Impairment of Assets*.

Foreign Currencies

(ii) The economic entity contains one self-sustaining foreign controlled entity. The foreign entity accounts are translated to Australian dollars for inclusion in the economic entity's accounts. Any foreign currency translation differences arising from the translation of the foreign entity accounts into Australian dollars will be recognised in an equity account called "Foreign Currency Translation Reserve".

The major impact of AIFRS requires that any residual balance upon disposal of a foreign controlled entity must be recognised in the income statement whereas previously this was adjusted against retained earnings/accumulated losses.

Under AASB 1, the Group has elected to not determine the opening cumulative exchange differences on transition to AIFRS. As a result it is deemed that the opening cumulative exchange difference is zero and as such the current balance of the Foreign Currency Translation Reserve is transferred to retained earnings.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

No material impacts are expected to the net profit presented under AGAAP on adoption of AIFRS.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

35 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS
(CONTINUED)

KNOWN IMPACTS ON TRANSITION TO AIFRS AND THE YEAR ENDED 30 JUNE 2005 – UNQUANTIFIED

Derivative Financial Instruments

(iii) Interest rate swaps

Management has decided to apply the exemption provided in AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, which permits entities not to apply the requirements of AASB132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. Prime Television Limited is in the process of determining the impact that adopting the standards would have on the financial statements of the Group.

The economic entity enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowings to medium-term fixed interest rates. It is the current policy of the economic entity not to recognise interest rate swaps. Net receipts and payments are offset against interest expense upon settlement of the swap contract.

Under AASB 139 *Financial Instruments: Recognition and Measurement*, the Group must recognise all financial assets and financial liabilities, including derivatives such as interest rate swap agreements. The interest rate swaps are considered to be financial assets at fair value through profit and loss. As such any gain or loss will be recognised immediately. The valuation of the swaps is a complex process requiring the use of experts. At the date of this report, the Group has not determined the financial impact.

Income Taxes

(iv) Deferred tax liability

AASB 112 *Income Taxes* requires the Group to use the balance sheet liability method, rather than the current income statement method, which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. This would result in the recognition of a deferred tax liability in relation to any revalued assets. Under AGAAP, the tax effects of asset revaluations are not required to be recognised.

In accordance with AASB 112, under certain circumstances a deferred tax liability will arise where an asset's carrying amount is greater than its tax base. The Group is currently obtaining advice regarding the tax base of its intangible assets and examining the potential tax effects that may arise in relation to those assets. At the date of this report, the actual financial effects of any adjustment has not been quantified, however the maximum deferred tax liability that may arise on transition to AIFRS is estimated to be approximately $26,000,000.

As at the date of this report the parent entity is still deciding whether the investments in its subsidiary entities will be carried at cost or fair value. If the investments in subsidiaries are carried at fair value it is likely to give rise to a deferred tax liability.

Carried forward tax losses

The economic entity also has carried forward tax losses which have not yet been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria of the current AASB1020. Under AIFRS the criteria for recognition of deferred tax assets in relation to tax losses will be based on a 'probable certainty'. The impact of this change may give rise to an increase in deferred tax assets and reduce accumulated losses, and may result in a higher level of recognised deferred tax assets into the future. As at the date of this report the directors do not yet believe that the recovery of the tax losses is probable and, as such, the entity has not brought to account any Deferred Tax Asset in relation to these losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

35 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS
(CONTINUED)

As part of the entity's evaluation of the impacts of the implementation of AIFRS standards the following key issues have also been identified where the entity's accounting policies will change due to the implementation of AIFRS and as such could have an impact on the future financial reporting of Prime Television Limited under AIFRS. Whilst these issues may have a potential future impact, at the date of this report, it is management's best estimate that there are no transitional adjustments or impacts on the 2005 figures that will arise from these issues.

Impairment of Assets

Under AIFRS all assets, both current and non-current, are tested for impairment. Under AASB136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Group's current accounting policy, which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater.

Assessments of possible impairment have been made at transition and throughout the year ended 30 June 2005 and no issues of impairment have arisen.

Share Based Payments

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity-based remuneration. It applies to all share-based payments issued after 7 November 2002, which have not vested as at 1 January 2005. The economic entity currently does not have any outstanding equity-based remuneration instruments that will be affected by this new standard.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005

In accordance with a resolution of the directors' of Prime Television Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; 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.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with s295A of the Corporations Act 2001 for the financial year ending 30 June 2005.

On behalf of the Board

P. J. Evans
Director

Sydney, 23 September 2005

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30 JUNE 2005

Ernst & Young House
51 Allara Street
Canberra ACT 2600
Australia

GPO Box 281
Canberra ACT 2601

Tel 61 2 6267 3888
Fax 61 2 6246 1500
DX 5608 Canberra

Independent audit report to members of Prime Television Limited

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of Prime Television Limited (the company) for the year ended 30 June 2005 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Prime Television Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report and the additional disclosures of the Remuneration Report, Table 1 and Table 2 included in the directors report designated as audited ('the additional disclosures') that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report and the additional disclosures.

Audit approach

We conducted an independent audit of the financial report and the additional disclosures in order to express an opinion on them to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report and the additional disclosures are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report and the additional disclosures present fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the additional disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30 JUNE 2005 (CONTINUED)

ERNST & YOUNG

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the additional disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed. In addition to our audit of the financial report and the additional disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report and the additional disclosures included in the directors' report designated as audited of Prime Television Limited are in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Prime Television Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

G.J. Knucky

G.J. Knucky
Partner
Canberra
23 September 2005

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 September 2005.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

ORDINARY SHARES	NUMBER OF HOLDERS
1 – 1,000	576
1,001 – 5,000	682
5,001 – 10,000	222
10,001 – 100,000	142
100,001 and over	35
	1,657

The number of shareholders holding less than a marketable parcel of shares are:	143

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares at 20 September 2005 are:

		LISTED ORDINARY SHARES	
		NUMBER OF SHARES	PERCENTAGE OF ORDINARY SHARES
1	Paul Ramsay Holdings Pty Limited	49,677,285	39.95
2	RBC Global Services Australia Nominees Pty Limited	18,865,159	15.17
3	JP Morgan Nominees Australia Limited	15,397,771	12.38
4	National Nominees Limited	11,492,704	9.24
5	Citicorp Nominees Pty Limited	3,887,780	3.13
6	AMP Life Limited	2,939,773	2.36
7	ANZ Nominees Limited	2,805,085	2.26
8	Cogent Nominees Pty Limited	1,680,987	1.35
9	Immer (No 196) Pty Limited	1,585,285	1.27
10	George Walter Mooratoff	1,500,000	1.21
11	Westpac Custodian Nominees Limited	1,498,711	1.21
12	Sandhurst Trustees Limited	1,350,000	1.09
13	Effie Holdings Pty Limited	1,200,000	0.97
14	Birketu Pty Limited	600,000	0.48
15	Government Superannuation Office	368,100	0.30
16	PSS Board	280,000	0.23
17	Mercart Pty Limited	250,000	0.20
18	Quinambo Nominees Pty Limited	245,327	0.20
19	Victorian Workcover Authority	229,448	0.18
20	CSS Board	225,002	0.18
		116,078,417	93.36

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	NUMBER OF SHARES
Paul Ramsay	51,262,780
Investors Mutual	14,282,100
Perpetual Trustees Limited	8,436,271
Paradice Cooper Investors	6,580,794

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Company Information

Prime Television Limited
ABN 97 000 764 867

Directors
Paul J. Ramsay AO (Chairman)
Michael S. Siddle (Deputy Chairman)
Ronald J. Cotton AM (resigned 2 September 2005)
Peter J. Evans
Terry Jackman AM
Alex Hamill

Company Secretaries
Warwick Syphers LLB, CPA
Andrew Cooper BEc CA

Registered Office
363 Antill Street
Watson ACT 2602
(02) 6242 3700

Share Register
ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000
(02) 8280 7100

Auditors
Ernst & Young
51 Allara Street
Canberra ACT 2601
(02) 6267 3888

Corporate Directory

Prime Television Limited
ABN 97 000 764 867
363 Antill Street
Watson ACT 2602

Prime Television (Northern) Pty Ltd
ABN 47 003 344 876
116 Lake Road
Elermore Vale NSW 2287

Prime Television (Southern) Pty Ltd
ABN 77 003 368 938
363 Antill Street
Watson ACT 2602

Prime Television (Victoria) Pty Ltd
ABN 32 000 390 232
Sunraysia Highway
Mitchell Park
Ballarat VIC 3350

Golden West Network Pty Ltd
ABN 51 008 681 196
Roberts Crescent
Bunbury WA 6230

Prime Television (New Zealand) Ltd
A.K. 867 645
1 John Glenn Drive
North Harbour Industrial Estate
Albany, Auckland, New Zealand