Television & Media Services Limited

(77 pages)

25 August 2005

The Manager
Company Announcements Office
Australian Stock Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

In accordance with the Listing Rules, please find attached the preliminary final report for Television & Media Services Limited as at 30 June 2005.

Yours faithfully

Chris Strouthos
Company Secretary

TELEVISION & MEDIA SERVICES LIMITED ACN 004 160 249

Global Television Studios, Cnr Epping & Delhi Roads, North Ryde NSW 2113, Australia   Ph: (612) 9870 7144
PO Box 345, North Ryde NSW 1670 Australia   Fax: (612) 9886 3329

Appendix 4E

Preliminary Final Report

Name of entity

Television & Media Services Limited

ABN	Year ended ('current period')
83 004 160 249	30 June 2005

Results for Announcement to the Market.

				A$'000
Revenues from ordinary activities (*item 1.1*)	Up	12%	to	63,251
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	Up	220%	to	5,361
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d)*)				-
Net profit (loss) for the period attributable to members (*item 1.11*)				5,361

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(item 11.4)*	Nil	n/a
Interim dividend (*item 11.6*)	Nil	n/a
Previous corresponding period		
Final dividend *(item 11.5)*	Nil	n/a
Interim dividend (*item 11.7*)	Nil	n/a
Record date for determining entitlements to the dividend	Not applicable	

Profit after tax was $5,361,000 in the current financial year in contrast to $1,675,000 for the previous corresponding period. This included a profit from the sale of a non-core asset of $2,694,000 and the loss on sale of property, plant and equipment of $585,000 and the costs of winding up two non-operating subsidiaries of $98,000.

For more information on the results of TMS for the year ended 30 June 2005 please see the Directors' report in Annexure A.

Condensed consolidated statement of financial performance

		Current period - A$'000	Previous corresponding period - A$'000
1.1	Revenues from ordinary activities *(see items 1.23 - 1.25)*	63,251	56,291
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27*)	(55,754)	(52,365)
1.3	Borrowing costs	(2,038)	(2,259)
1.4	Share of net profit (loss) of associates and joint venture entities (*see item 12.7*)	-	-
1.5	**Profit (loss) from ordinary activities before tax**	**5,459**	1,667
1.6	Income tax on ordinary activities	(98)	8
1.7	**Profit (loss) from ordinary activities after tax**	**5,361**	1,675
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	-	-
1.9	**Net profit (loss)**	**5,361**	1,675
1.10	Net profit (loss) attributable to outside equity interests	-	-
1.11	**Net profit (loss) for the period attributable to members**	**5,361**	1,675
	Non-owner transaction changes in equity		
1.12	Increase (decrease) in revaluation reserves	-	-
1.13	Net exchange differences recognised in equity	(2)	(4)
1.14	Other revenue, expense and initial adjustments recognised directly in equity	-	-
1.15	Initial adjustments from UIG transitional provisions	-	-
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	(2)	(4)
1.17	**Total changes in equity not resulting from transactions with owners as owners**	**5,359**	1,671

Earnings per security (EPS)		Current period	Previous corresponding period
1.18	Basic EPS (cents)	0.6	0.2
1.19	Diluted EPS (cents)	0.6	0.2

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period A$'000	Previous corresponding period A$'000
1.20	Profit (loss) from ordinary activities after tax	5,361	1,675
1.21	Less (plus) outside equity interests	-	-
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**5,361**	1,675

Revenue and expenses from ordinary activities

		Current period A$'000	Previous corresponding period A$'000
1.23	Revenue from sales or services		
	Rendering of services – other	58,948	52,984
1.24	Interest revenue		
	Interest received	220	188
1.25	Other relevant revenue		
	Proceeds from sale of property, plant and equipment	1,359	1,612
	Net proceeds from sale of investments	-	1,228
	Net proceeds from sale of controlled entity	2,722	279
	Other	2	-
	Total revenue from ordinary activities	63,251	56,291
1.26	Details of relevant expenses		
	Direct expenses	25,538	22,231
	Indirect expenses	21,927	21,303
	Write-down of intangibles	-	-
	Write-down of goodwill	-	-
	Write-down of other non-current assets to recoverable amount	-	1,158
	Carrying amount of net assets of discontinuing operations sold	-	-
	Carrying amount of non-current assets sold	1,944	1,358
	Net loss of associates	-	-
	Total relevant expenses	49,409	46,050
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	6,345	6,315
	Total expenses from ordinary activities	**55,754**	52,365
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles (unless arising from an acquisition of a business)	-	-

Consolidated retained profits

1.30	Retained profits (accumulated losses) at the beginning of the financial period	(129,154)	(130,829)
1.31	Net profit (loss) attributable to members (*item 1.11*)	5,361	1,675
1.32	Net transfers from (to) reserves	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	-	-
1.35	**Retained profits (accumulated losses) at end of financial period**	**(123,793)**	**(129,154)**

Intangible and extraordinary items

		Consolidated – current period			
		Before tax A$'000 (a)	Related tax A$'000 (b)	Related outside equity interests A$'000 (c)	Amount (after tax) attributable to members A$'000 (d)
2.1	Amortisation of goodwill	-	-	-	-
2.2	Amortisation of other intangibles	-	-	-	-
2.3	**Total amortisation of intangibles**	**-**	**-**	**-**	**-**
2.4	Extraordinary items (details)				
2.5	**Total extraordinary items**	**-**	**-**	**-**	**-**

Comparison of half year profits

(Preliminary final report only)

		Current year - A$'000	Previous year – A$'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)	4,382	2,393
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	979	(718)

The result for the 1st half of 2005 includes the final settlement from the sale of a non-core asset reflected as an individually significant item (profit) of $2,694,000.

The result for the 2nd half of 2005 was adversely affected by the loss on disposal of fixed assets and the costs of winding up two non-operating subsidiaries ($683,000 loss).

The result for the 1st half of 2004 includes the profit from the sale of non-core assets of $1,758,000.

The result for the 2nd half of 2004 was adversely affected by the write down of fixed assets (two Neve desks) to nil impacting the result by $1,155,000.

Condensed consolidated statement of financial position		At end of current period A$'000	As shown in last annual report A$'000	As in last half yearly report A$'000
	Current assets			
4.1	Cash	5,344	3,804	7,743
4.2	Receivables	5,411	4,152	2,913
4.3	Investments	-	-	-
4.4	Inventories	191	207	221
4.5	Tax assets	-	-	-
4.6	Other	1,387	1,499	1,012
4.6a	Property, plant & equipment	-	-	-
4.7	**Total current assets**	**12,333**	**9,662**	**11,889**
	Non-current assets			
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	-	-	-
4.10	Other investments	-	-	-
4.11	Inventories	-	-	-
4.12	Other property, plant and equipment (net)	37,598	44,482	42,151
4.13	Intangibles (net)	-	-	-
4.14	Tax assets	-	-	-
4.15	Other			
4.16	**Total non-current assets**	**37,598**	**44,482**	**42,151**
4.17	**Total assets**	**49,931**	**54,144**	**54,040**
	Current liabilities			
4.18	Payables	7,758	7,357	4,826
4.19	Interest bearing liabilities	22,775	4,373	8,803
4.20	Tax liabilities	-	-	95
4.21	Provisions exc. tax liabilities	1,246	1,059	1,156
4.22	Other			
4.23	**Total current liabilities**	**31,779**	**12,789**	**14,880**
	Non-current liabilities			
4.24	Payables	-	-	-
4.25	Interest bearing liabilities	1,017	29,579	23,001
4.26	Tax liabilities	-	-	
4.27	Provisions exc. tax liabilities	249	249	249
4.28	Other			
4.29	**Total non-current liabilities**	**1,266**	**29,828**	**23,250**
4.30	**Total liabilities**	**33,045**	**42,617**	**38,130**
4.31	**Net assets**	**16,886**	**11,527**	**15,910**
	Equity			
4.34	Capital/contributed equity	141,139	141,139	141,139
4.35	Reserves	(460)	(458)	(457)
4.36	Retained profits (accumulated losses)	(123,793)	(129,154)	(124,772)
4.37	**Equity attributable to members of the parent entity**	**16,886**	**11,527**	**15,910**
4.38	Outside equity interests in controlled entities	-	-	-
4.39	**Total equity**	**16,886**	**11,527**	**15,910**

Notes to the condensed consolidated statement of financial position

Condensed consolidated statement of cash flows

		Current period A$'000	Previous corresponding period - A$'000
	Cash flows related to operating activities		
5.1	Receipts from customers	63,673	59,096
5.2	Payments to suppliers and employees	(52,967)	(49,388)
5.3	Dividends received from associates	-	-
5.4	Other dividends received	-	-
5.5	Interest and other items of similar nature received	211	175
5.6	Interest and other costs of finance paid	(1,796)	(1,991)
5.7	Income taxes (paid)/refunded	(98)	-
5.8	Other	-	-
5.9	**Net operating cash flows**	**9,023**	**7,892**
	Cash flows related to investing activities		
5.10	Payment for purchases of property, plant and equipment	(1,405)	(3,715)
5.11	Proceeds from sale of property, plant and equipment	1,359	1,612
5.12	Proceeds from the sale of controlled entities net of cash disposed	2,722	279
5.13	Proceeds from sale of equity investments	-	1,228
5.14	Loans to other entities	-	-
5.15	Loans repaid by other entities	-	-
5.16	Other	-	-
5.17	**Net investing cash flows**	**2,676**	**(596)**
	Cash flows related to financing activities		
5.18	Proceeds from issues of securities	-	(9)
5.19	Proceeds from borrowings	-	-
5.20	Repayment of borrowings	(7,200)	(5,987)
5.21	Lease payments	(2,960)	(2,757)
5.22	Other	-	-
5.23	**Net financing cash flows**	**(10,160)**	**(8,753)**
5.24	**Net increase (decrease) in cash held**	**1,539**	**(1,457)**
5.25	Cash at beginning of period *(see Reconciliation of cash)*	3,804	5,260
5.26	Exchange rate adjustments to item 5.25.	1	1
5.27	**Cash at end of period** *(see Reconciliation of cash)*	**5,344**	**3,804**

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

n/a

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period A$'000	Previous corresponding period - A$'000
6.1 Cash on hand and at bank	3,957	2,523
6.2 Deposits at call	1,387	1,281
6.3 Bank overdraft	-	-
6.4 Other (provide details)	-	-
6.5 Total cash at end of period *(item 5.27)*	**5,344**	**3,804**

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
7.1 **Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	8.6%	3.0%
7.2 **Profit after tax / equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)	31.7%	14.5%

Earnings per security (EPS)

8. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Basic EPS 0.6 cents

Weighted average number of shares used in the calculation of EPS - 955,506,383

NTA backing *(see note 5)*	Current period	Previous corresponding period
9.1 Net tangible asset backing per ordinary security (cents)	1.8	1.2

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 10).)

10.1 Discontinuing Operations

N/A

Dividends (in the case of a trust, distributions)

11.1	Date the dividend (distribution) is payable	N/A
11.2	Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
11.3	If it is a final dividend, has it been declared?	N/A

Amount per security

			Amount per security	Franked amount per security at -% tax (see note 4)	Amount per security of foreign source dividend
11.4	**Final dividend:**	Current year	-¢	-¢	-¢
11.5		Previous year	-¢	-¢	-¢
11.6	**Interim dividend:**	Current year	-¢	-¢	-¢
11.7		Previous year	-¢	-¢	-¢

The dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions).

None

Details of aggregate share of profits (losses) of associates and joint venture entities

		Current period A$'000	Previous corresponding period - A$'000
Group's share of associates' and joint venture entities':			
12.1	Profit (loss) from ordinary activities before tax	-	-
12.2	Income tax on ordinary activities	-	-
12.3	**Profit (loss) from ordinary activities after tax**	**-**	**-**
12.4	Extraordinary items net of tax	-	-
12.5	**Net profit (loss)**	**-**	**-**
12.6	Adjustments	-	-
12.7	**Share of net profit (loss) of associates and joint venture entities.**	**-**	**-**

Material interests in entities which are not controlled entities

The consolidated entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

	Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) *(item 1.9)*	
		30 June 2005	30 June 2004	30 June 2005	30 June 2004
13.1	**Equity accounted associates and joint venture entities**				
	Omnilab Pty Limited	-	to 30/09/03		
	Dubsat Pty Limited	-	to 30/09/03		
	Dubsat unit trust	-	to 30/09/03		
	GLT Concepts Pty Limited	-	to 28/06/04		
	GLT Concepts unit trust	-	to 28/06/04		
13.2	**Total**			-	-
13.3	Other material interests	-	-	-	-
13.4	**Total**			-	-

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of securities		Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
14.1	**Preference securities** *(description)*	-	-	-	-
14.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	- -	- -	- -	- -
14.3	**Ordinary securities**	955,506,383	955,506,383		Fully paid
14.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-		
14.5	**Convertible debt securities** *(description and conversion factor)*	-	-	-	-
14.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
14.7	**Options** *(descriptions and conversion factor)*			Exercise price	Expiry date (if any)
		155,610,002	-	Various	Various
14.8	Issued during current period	850,000	-		
14.9	Exercised during current period	-	-	$ -	
14.10	Expired during current period	70,000	-	Various	Various
14.11	**Debentures** *(description)*				
14.12	Changes during current period (a) Increases through issues (b) Decreases through securities matures, converted	- -	- -		
14.13	**Unsecured notes** *(description)*				
14.14	Changes during current period (a) Increases through issues (b) Decreases through securities matures, converted	- -	- -		

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used	

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on accounts to which one of the following applies.

X	The accounts have been audited.		The accounts have been subject to review.
	The accounts are in the process of being audited or subject to review.		The accounts have *not* yet been audited or reviewed

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached.

6 The entity has a formally constituted audit committee.

Sign here: .... Date: 25 August 2005
Company Secretary

Print name: CHRIS STROUTHOS

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period.

2. **True and fair view** Refer to the attached Directors' Declaration in Annexure A.

3. **Condensed consolidated statement of financial performance**

Item 1.1	The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
Item 1.6	This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).

4. **Condensed consolidated statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows.*

5. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e., all liabilities, preference shares, outside equity interests etc.

6. **Rounding of figures** This report is given to the nearest $1,000.

7. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate.

8. **Issued and quoted securities** The issue price and amount paid up is not required in items 14.1 and 14.3 for fully paid securities.

9. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or all according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their accounts.

   Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term "relevance" is defined in *AASB 1018*.

Annexure A

to Appendix 4E
Television & Media Services Limited
30 June 2005

Television & Media Services Limited
ABN 83 004 160 249

Annual report - 30 June 2005

Contents

Television & Media Services Limited
Chairman's Review

Dear Shareholder

I am delighted to present the 2005 Annual Report for Television & Media Services, and announce on behalf of the Board that the Company has completed a very successful year in delivering an admirable result through the focus on its core business, Global Television.

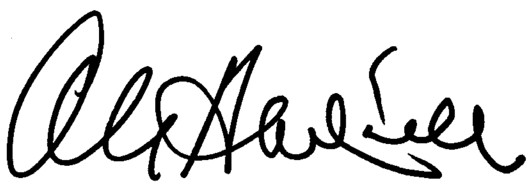
Last year I stated that I was looking forward to the developments of the Company into the future. In the review by the Chief Executive Officer, you will find details of the Company's operations and achievements and further information about the business of Global Television throughout the Annual Report.

Global Television enjoyed the benefits of generally improved trading conditions, in a media sector prepared to invest in productions utilising the facilities and services Global Television offers. This has allowed Television & Media Services to increase its operating profit before interest and tax by sixty-one percent over the previous year, produce strong operating cash flows and reduce debt by a further thirty percent.

Global Television maintains its position as market leader in the television services industry. To align the Company with its core business, Television & Media Services will propose at the upcoming Annual General Meeting to change its name to Global Television Limited. This will allow the Company to present itself to the market with a clear goal to the future.

Fiscal 2006 will be a pivotal year for Global Television, with increasing competition but also various opportunities to explore both locally and offshore. We look forward to the challenges ahead and will work hard to maintain our position as the region's premier television services provider.

On behalf of the Board, I would like to thank the Management and staff and the industry freelancers who have all worked hard and contributed to the success of the business in 2005.



A.G. Hartnell
Chairman

Sydney, NSW

25 August 2005

Directors	A.G. Hartnell P.J. Montgomery K. Kingston A.C. Klok B.E. Kruger E.P. Maltby
Secretary	C. Strouthos
Notice of annual general meeting	The annual general meeting of Television & Media Services Limited **will be held at** Global Television Studios, Corner of Epping and Delhi Roads, NORTH RYDE NSW **time** 11.00 am **date** Wednesday 26 October 2005
Principal registered office in Australia	Global Television Studios Corner of Epping and Delhi Roads NORTH RYDE NSW 2113 Phone: 02 9870 7114 Fax: 02 9886 3329 Email: tms@globaltv.com.au
Share registrar	Computershare Investor Services Pty Limited 60 Carrington Street SYDNEY NSW 2000 Phone: 02 9234 5000 Fax: 02 9234 5050
Auditor	PricewaterhouseCoopers Chartered Accountants Darling Park Tower 2 201 Sussex Street SYDNEY NSW 1171
Solicitor	Henry Davis York 44 Martin Place SYDNEY NSW 2000
Principal banker	Australian & New Zealand Banking Group Limited 20 Martin Place SYDNEY NSW 2000
Stock exchange listing	Television & Media Services Limited shares are listed on the Australian Stock Exchange.
Website address	www.tvmedia.com.au www.globaltv.com.au

Overview

I am pleased to report that Television & Media Services Limited has delivered a profit after tax of $5,361,000 or an increase of 220% over the previous financial year. Both years' results included various one-off adjustments relating primarily to the profit from the sale of non-core assets offset by losses associated with the write-down or disposal of fixed assets through events unrelated to the normal course of business. These are explained further in the Directors' Report.

By removing the effect of the one-off adjustments in both years, profit after tax for Television & Media Services Limited grew from $1,072,000 in 2004 to $3,321,000 in 2005, an increase of 210%. This was achieved by increasing revenues and maintaining tight control over operating costs during the year.

2005 was an important year for Television & Media Services in consolidating its activities into a sustainable business with real growth prospects. Television & Media Services will continue to seek new opportunities both locally and off-shore and expects to capitalise on these prospects in the years ahead.

We will also ensure that we remain at the forefront of our industry, by providing our staff the opportunity to improve and increase their skills and succeed in the Company, and to stay technologically ahead of our competitors in a market that demands the highest level of quality television production services.

This year's project highlights

Global Television had a very large project schedule over the year to 30 June 2005. Included in this were the series' 'Big Brother 4' & 'Big Brother 5' for Endemol Southern Star, outside broadcast services for the NRL, AFL, V8 Supercars series, cricket and other major events such as the Australian Formula 1 Grand Prix, Indy GP, Moto GP, Australian Rally - Perth, V8 Superstars, Brownlow Medal, X Factor, ARIA Awards, "Australia Unites" Tsunami Appeal, MTV Awards, the International Soccer matches between Australia, Iraq and Indonesia, and Ladies Masters Golf Tournament. Global Television also provided coverage for Grundy Television of the Australian Idol outside broadcast at the Seymour Theatre Centre and the Grand Finale at the Opera House which was telecast nationally.

Major studio productions included "Neighbours" for Grundy Television and "Rove Live" for Roving Enterprises screened on Network Ten, "Hi-5" for Kids Like Us screened on the Nine Network and for international broadcast, and "Playhouse Disney" for Walt Disney Television screened on the Seven Network and the Disney Channel. Global Television also provided its Sydney studio resources to Grundy Television for a second series of the hugely successful "Australian Idol" screened on Network Ten.

Television & Media Services Limited and Global Television will continue to focus on the provision of quality broadcast services to the major free to air networks, subscription TV services providers, production houses and other regional operators. We will also maintain an emphasis on customer service, employee development, cost control, improved margins and strong operating cash flows to strengthen and develop the business into the future.

Chris McMillan
Chief Executive Officer

Sydney, NSW
25 August 2005

Your directors present their report on the consolidated entity consisting of Television & Media Services Limited and the entities it controlled at the end of, or during the year ended 30 June 2005.

Directors
The following persons were directors of Television & Media Services Limited during the whole of the financial year and up to the date of this report:

A.G. Hartnell
P.J. Montgomery
K. Kingston
A.C. Klok
E.P. Maltby

B. E. Kruger was appointed a director on 18 April 2005 and continues in office at the date of this report.
M. C. Morris was a director from the beginning of the financial year until his resignation on 5 April 2005.

Details of the qualifications and experience of the Directors and their membership of Board Committees are as follows:

Anthony Hartnell
BEc. LLB (Hons), LLM (H.Hons)
Chairman

A Director and Chairman since 1994, Mr Hartnell is a partner of legal advisers Atanaskovic Hartnell specialising in corporate, commercial and taxation law. From 1980 to 1990 and again in 1993 he was a partner of solicitors Allen Allen & Hemsley. Mr Hartnell was the inaugural Chairman of the Australian Securities Commission from 1989 to 1992 and is currently a director of Chiquita Brands South Pacific Limited. Mr Hartnell is Chairman of the Board and the Nomination & Remuneration Committee and is a member of the Audit Committee. Age 62.

Paul Maltby
B.Comm, FCA, MAICD
Non-executive Director

A Director since November 2003, Mr Maltby is a Fellow of the Institute of Chartered Accountants in Australia and an independent business advisor. He was previously a Senior Partner with PricewaterhouseCoopers (formerly Coopers & Lybrand) in Sydney. During Paul's time with PricewaterhouseCoopers, he gained over 30 years experience in the media industry and has advised a number of substantial Australian and International media broadcast companies on finance and strategic matters. Mr Maltby is the Chairman of the Audit Committee and is a member of the Nomination & Remuneration Committee. Age 54.

Kerry Kingston
Non-executive Director

A Director since August 2003, Mr Kingston is Network Ten's Chief Operating Officer. Mr Kingston joined Network Ten as General Manager - Perth in January 2002. In January 2003 Mr Kingston transferred to Victoria, assuming the role of General Manager Ten Melbourne. Prior to this appointment, Mr Kingston spent 15 years at WIN Television, Australia's largest regional television network, rising to the position of Managing Director. Mr Kingston is a member of the Nomination & Remuneration Committee. Age 47.

Anthony Klok
B.Comm, LLB
Non-executive Director

A Director since August 2003, Mr Klok is the Business Development Director at Publishing & Broadcasting Limited ("PBL") and has responsibility for analysing and implementing new investments undertaken by PBL and for managing a range of PBL's existing investments. Mr Klok is a director or alternate director of Seek Limited, Ticketek Pty Limited, ninemsn Pty Limited, Premier Media Group Pty Limited and other companies within the PBL Group. Mr Klok's academic and practical experience lies in the fields of commerce and law and he was a partner in a major Australian legal firm for a number of years. Mr Klok's work experience also encompasses 12 years in the Asian region. Mr Klok is a member of the Audit Committee. Age 44.

Bruce Kruger
Non-executive Director

A Director since April 2005, Mr Kruger is the Engineering Manager for Nine Network Australia, a division of Publishing & Broadcasting Limited. Mr Kruger joined Nine Network as the Chief Engineer of QTQ 9 Brisbane in 1989. Prior to this appointment, Mr Kruger spent 18 years at regional television station CTC 7 in Canberra and 5 years at radio station 2CA. With 40 years experience in commercial broadcasting, Mr Kruger is a member of various industry technical committees and on the board of TX Australia Pty Limited. Mr Kruger is a member of the Nomination & Remuneration Committee. Age 56.

Peter Montgomery
B.Fin. Admin., ACA, ASIA
Non-executive Director

A Director since June 2003 Mr Montgomery is the General Manager - Corporate for Network Ten. Mr Montgomery joined Network Ten in 1997 from a career in investment banking and corporate advisory. After focusing initially on corporate planning and development with Network Ten, Mr Montgomery was appointed as General Manager - Network Operations & Digital Development in September 2001, overseeing the transition to digital broadcasting. He was then appointed General Manager - Corporate in March 2003. Mr Montgomery also serves on the board of Eye Corp Pty Limited. Mr Montgomery is a member of the Audit Committee. Age 38.

Principal activities
The principal continuing activities of the TMS Group during the year were television studio and field production services.

Global Television, a controlled entity of the TMS Group, is the leading provider of television studio production and digital outside broadcast services in Australia.

Global Television has a total of 10 studios located in New South Wales, Victoria and Queensland and is the exclusive provider of outside broadcast and studio production services for Network Ten and the exclusive provider of outside broadcast services to the Nine Network.

Global Television also provides television production and broadcast design and construct engineering services nationally and internationally.

Review of operations
The TMS Group delivered a solid result in a robust market reflecting a competitive media sector in 2005. The facilitation of sporting events such as AFL, NRL Cricket, Horse Racing and V8 Supercars, and studio productions including Neighbours, Hi-5, Big Brother, Rove Live, Disney and Australian Idol, were supplemented with other large events such as X-Factor and the MTV Awards.

Global Television was also involved with several events during January and February this year in support of various Asia Tsunami aid appeals. Global Television provided its facilities free of charge for the 'Reach Out to Asia' concert on the forecourt of the Sydney Opera House and related telethon from Melbourne's Telstra Dome, broadcast simultaneously by the combined resources of the three commercial networks in a history making event for Australian television.

The TMS Group will continue to seek new opportunities in an increasingly divergent and competitive market.

The results of the TMS Group for the year are explained below;

Revenue from ordinary activities during the current year was $63,251,000. This was an increase of more than 12% over the previous year (2004: $56,291,000).

Revenue generated from television services, the principal activity of the TMS Group, during the current year was $58,926,000. Revenue from these activities increased by more than 10% over the previous year (2004: $52,952,000).

The TMS Group recorded a profit after tax of $5,361,000 for the year compared to a profit after tax of $1,675,000 in 2004.

The result for the current year included a profit from the sale of Val Morgan Cinema Advertising Inc ("VMI") to Screenvision Acquisitions 10, Inc in September 2002, under a deferred consideration agreement. The profit from the sale of VMI of $2,667,000 was offset by a $556,000 loss on the sale of fixed assets relating to a contract held with TVSN Limited (Receivers and Administrators appointed).

The result for 2004 included a profit after tax of $603,000 from the sale of various non core assets, offset by a provision for decommissioned fixed assets.

With the exception of $98,000 non resident withholding tax paid on the winding up of Television & Media Services (NZ) Limited, no income tax expense, income tax assets or liabilities were recorded due to accumulated tax losses carried forward of $23,984,000 (2004: $28,215,000).

Net debt at 30 June 2005 was $18,448,000 (2004: $30,148,000) and borrowing costs were $2,038,000 (2004: $2,259,000).

Under Australian Generally Accepted Accounting Principles (AGAAP) and the Company's bank facility agreement, the TMS Group is required to disclose various finance lease residuals and senior debt repayable before the end of the 2006 financial year, as a current liability. The TMS Group has commenced discussions for the re-financing of its debt facilities which, if successful, will allow the TMS Group to disclose its debt facilities as a non-current liability. With a stronger balance sheet and interest cover, the Directors are confident of a new financing arrangement being negotiated to suit the current and future needs of the TMS Group.

Taxation

i) The consolidated entity had contractual rights to deferred consideration and a contingent liability arising from the sale of VMI to Screenvision Acquisitions 10, Inc in September 2002. The deferred consideration of $2,698,000 was realised on 31 December 2004 as full and final settlement under the sale agreement. In June 2005, TMS was made aware that the New York State Department of Taxation and Finance had commenced a taxation audit of Val Morgan Cinema Advertising Inc. Under the terms of the sale agreement to Screenvision Acquisitions 10, Inc TMS provided certain warranties in relation to any taxation obligations of the company up to the date of sale. The tax audit commenced in December 2004. TMS is not aware of any issues that have been raised in relation to the tax audit as at the date of this report.

ii) The Australian Taxation Office (ATO) commenced a 'compliance review' in March 2005 of the TMS Group's entities' Income Tax Returns for the financial years ended 30 June 2002 and 2003. The company has responded to the ATO's requests and furnished them with all the information necessary to support the income tax returns. At the date of this report the ATO 'compliance review' is ongoing. The TMS Group has not been advised of any issues arising from the 'compliance review' as at the date of this report.

Dividends
Since the end of the previous financial year and in respect of the current financial year, TMS has not paid any dividends. In accordance with the ANZ Bank Facility Agreement, the directors have resolved not to pay a final dividend.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the TMS Group during the year.

Matters subsequent to the end of the financial year
i) The TMS Group has opened discussions with various lenders for the re-negotitation of its debt facilities. The current facility agreement with the ANZ Bank ends on 2 May 2006 although certain finance lease residuals fall due in January and March 2006. The Company has already received an indication from the ANZ Bank that the finance lease residuals totalling $14,389,000 falling due before 2 May 2006 may be re-financed for the short term to allow a re-negotiation of the complete financing facility. An indicative offer from a third party lender has also been received for the current funding requirements of the TMS Group. The Directors believe the Company's debt facilities will be re-negotiated to long-term facilities. Interest on the TMS Group's debt facilities is currently charged at lower than a commercial rate of interest. The refinancing of the TMS Group's debt facilities will mean a commercial rate of interest will be charged when a new facility agreement is negotiated.

ii) In 2002, the TMS Group acquired two AMS Neve Libra Live Series II audio desks ("Neve desks") through Syncrotech Pty Ltd, the Australian agent of the UK based manufacturer AMS Neve Plc. The cost for the Neve desks was

$1,361,000. The Neve desks were originally purchased for use in outside broadcasts. The Neve desks experienced repeated failures, proving to be unsuitable in an outside broadcast environment, and were decommissioned in 2004.

TMS sought compensation but was not able to reach a commercial settlement with AMS Neve Plc and legal action was commenced in NSW. AMS Neve Plc then informed TMS that they would not recognise an action against them in the NSW Courts. On 20 June 2005, TMS received notice from AMS Neve Plc's legal counsel that they were no longer instructed in the matter as AMS Neve Plc had been placed in administration on 17 June 2005. Official notification about the appointment of the Administrator was not received until 28 June 2005, the day after Global Television Pty Limited was awarded judgement for damages and costs from the Supreme Court of New South Wales . TMS is pursuing the judgement via the Administrator, concurrent with an action against the Australian distributor, Syncrotech Pty Ltd.

iii) Since the end of the financial year and to the date of this report, TMS has not entered into any material transactions or events, and there has not arisen any item, transaction or event of a material and unusual nature which, in the opinion of the Directors of TMS, is likely to affect significantly the operations, the results of those operations, or the state of affairs of the TMS Group in subsequent financial years other than the matter involving AMS Neve Plc and Syncrotech Pty Ltd.

Likely developments and expected results of operations
A healthy media sector in 2005 coupled with increased competition between television broadcasters saw Global Television actively involved in many projects within a broad cross-section of clients during the year. While the Company is optimistic about its growth prospects, it moves cautiously forward.

The TMS Group continues to service its long term contracts in place with the Nine Network and Network Ten, and will continue to focus on growing its core business of providing television production infrastructure and outside broadcast services to new and existing customers both locally and overseas.

The anticipated introduction of new laws regulating television broadcasting and in particular a transition to high-definition television or multi-channelling, may have an impact in the long term for the core business of the TMS Group.

Further information about likely developments in the operations of the TMS Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the TMS Group.

Environmental regulation
Due to the nature of its core business, TMS is not subject to significant environmental regulation.

Information on directors

			Particulars of directors' interests in shares of: Television & Media Services Limited
Director	**Experience**	**Special responsibilities**	**Ordinary shares**
A.G. Hartnell *Chairman*	Non-executive director and chairman appointed 25 July 1994	Chairman of the Board, a member of the Audit Committee and Chairman of the Nomination & Remuneration Committee	30,200
E.P. Maltby *Non-executive Director*	Non executive director appointed 10 November 2003	Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee	-
K. Kingston *Non-executive Director*	Non executive director appointed 18 August 2003	A member of the Nomination & Remuneration Committee	-
A.C. Klok *Non-executive Director*	Non executive director appointed 18 August 2003	A member of the Audit Committee	-
P.J. Montgomery *Non-executive Director*	Non executive director appointed 18 June 2003	A member of the Audit Committee	-
B.E. Kruger *Non-executive Director*	Non executive director appointed 18 April 2005	A member of the Nomination & Remuneration Committee	-

Company secretary
The Company Secretary is Mr Chris Strouthos. Mr Strouthos was appointed to the position of Company Secretary on 4 April 2003, in addition to his role of Chief Financial Officer, after joining the Company on 13 January 2003. Before joining TMS, Mr Strouthos held similar senior finance roles in public and private companies, including fifteen years experience within the media industry. Mr Strouthos holds an Associate Diploma in Accounting & Business Studies.

Meetings of directors
The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2005, and the number of meetings attended by each director were:

	Meeting of directors		Meetings of committees Audit		Nomination & Remuneration	
	A	**B**	**A**	**B**	**A**	**B**
A.G. Hartnell	12	12	3	3	2	2
E.P. Maltby	12	12	3	3	2	2
K. Kingston	11	12	-	-	2	2
A.C. Klok	12	12	3	3	-	-
B.E. Kruger	3	3	-	-	-	-
P.J. Montgomery	10	12	3	3	-	-
M.C. Morris	8	8	-	-	2	2

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

TMS has an Audit Committee consisting of Messrs E. P. Maltby (Chairman), A. G. Hartnell, A. C. Klok and P. J. Montgomery who are all non-executive directors. Refer to the Corporate Governance Statement for further information on the Audit Committee.

TMS has a Nomination & Remuneration Committee consisting of Messrs A. G. Hartnell (Chairman), E. P. Maltby, K. Kingston and B.E.Kruger who are all non executive directors. Refer to the Corporate Governance Statement for further information on the Nomination & Remuneration Committee.

Directors' and executives' emoluments
The Nomination & Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of TMS. The Board's remuneration policy is to ensure remuneration packages properly reflect the duties and responsibilities of each individual and that remuneration is competitive in attracting and retaining individuals with the appropriate mix of talent, skill and experience.

Senior executives may receive bonuses based on specific terms contained in their contract of employment or as a reward or incentive for performance which has enhanced the financial performance or financial position of TMS.

Details of the nature and amount of each element of the emoluments of each director of Television & Media Services Limited and each of the specified executives of the company and the consolidated entity receiving the highest emoluments or who have the greatest authority for the strategic direction and operational management of the company and the consolidated entity are set out in the following tables.

Directors of Television & Media Services Limited

Name	Directors base fee $	Super-annuation $	Total $
A.G. Hartnell *Chairman - Non-Executive Director*	80,000	-	80,000
E.P.Maltby *Non-Executive Director*	45,872	4,128	50,000
Total	125,872	4,128	130,000

The non-independent Directors did not receive any form of remuneration during the financial year.

Other executives of the consolidated entity

Name	Base salary $	Bonus $	Super-annuation $	Other benefits $	Total $
C. S. McMillan *Chief Executive Officer*	281,789	106,666	11,585	38,622	438,662
C. Strouthos *Chief Operating Officer (Global Television), Chief Financial Officer and Company Secretary (TMS)*	185,924	-	11,585	28,400	225,909
G. R. Adams *General Manager - NSW (resigned July 2005)*	169,271	-	11,585	35,801	216,657
P. J. Musgrove *General Manager - NSW (previously General Manager Finance & Systems)*	144,170	-	11,585	11,080	166,835
M. J. Toohey *General Counsel*	131,440	-	11,377	23,790	166,607
D. S. Tasker *General Manager - VIC*	113,687	-	10,232	10,711	134,630
C. W. Cole *General Manager - International Operations and Engineering Services*	101,250	-	9,071	21,328	131,649
G. Hicks *General Manager - QLD*	80,519	-	7,247	17,959	105,725
Total	1,208,050	106,666	84,267	187,691	1,586,674

The details of the employment agreement in relation to C. S. McMillan is disclosed in note 21.

Share options granted to directors and the specified executives of the consolidated entity
No options over unissued ordinary shares of Television & Media Services Limited have been granted during or since the end of the financial year to any of the directors or the specified executives of the company and consolidated entity.

Share options
There are 155,610,002 unissued ordinary shares for which options are outstanding at the date of this report. Details of the issue price and expiry dates of the options on issue are disclosed in notes 21, 25 and 32 to the financial statements.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares were issued by the exercise of options during or since the end of the financial year.

The exercise price per option under the employee share option plan is the greater of $0.20 or the market value of the TMS shares at the date of grant. The TMS share price at the close of business on 30 June 2005 was $0.039. The option value attributable to specified executives is deemed to be nil.

Indemnification and insurance
TMS has insured every person who is or has been an officer of TMS or a related body corporate against directors' and officers' liability by insurance policies. The Directors have not included details of the liabilities covered or the amount of the insurance premium paid in respect of this insurance contract, as such disclosure is prohibited under the terms of the contract, and to the extent permitted by law, TMS indemnifies every officer of TMS against any liability incurred by that person:

(i) in his or her capacity as an officer of TMS; and

(ii) to a person other than TMS or a related party of TMS.

unless the liability arises out of conduct on the part of the officer that involves lack of good faith.

TMS indemnifies every officer of TMS against any liability for costs and expenses incurred by the person in his or her capacity as an officer of TMS:

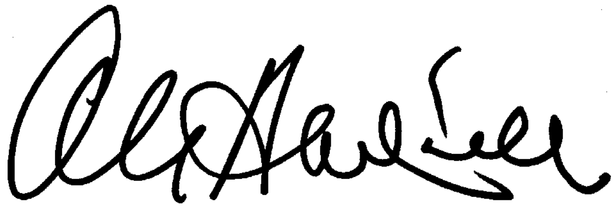
(i) in defending any proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted; or

(ii) in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act 2001.

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.



A.G. Hartnell
Director

Sydney, NSW
25 August 2005

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Auditors' Independence Declaration

As lead auditor for the audit of Television & Media Services Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Television & Media Services Limited and the entities it controlled during the period.

Brian Hunter
Partner
PricewaterhouseCoopers

Sydney
25 August 2005

Approach to Corporate Governance
The Board of Television & Media Services Limited endorses good corporate governance practices and oversees an organisation wide commitment to high standards of legislative financial compliance and ethical behaviour. The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders and ensures the Company is properly managed. A description of the Company's main corporate governance practices is set out below.

Board of directors
The primary role of the Board of Directors is to act in the best interests of the Company and its shareholders at all times. The Board sets overall corporate policy and provides guidance for senior management, as well as oversight of policy execution.

Responsibilities
The responsibilities of the board include

* review and guide corporate strategy, major plans of actions, risk policy, annual budgets and business plans, set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions and divestitures.
* select, compensate, monitor and, when necessary, replace key executives and oversee succession planning.
* monitor compliance with legal and regulatory obligations.
* ensure a formal and transparent board nomination and election process.
* monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
* ensure the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
* oversee the process of disclosure and communications.

The Constitution of the Company specifies that at every Annual General Meeting one third of the Directors (other than any Director appointed since the most recent Annual General Meeting), or if their number is not a multiple of three, then the number nearest to one third, shall retire from office and be eligible for re-election.

The Directors to retire in every year shall be the Directors longest in office since last being elected or re-elected.

A Director appointed since the most recent Annual General Meeting shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

The Board currently consists of non-executive Directors who bring with them, a broad base of qualifications, skills and experience. The Chairman of the Board and the Chairman of the Audit Committee are both independent Directors.

Names, details, qualifications and Board Committee memberships of Directors and meeting attendances appear in the Directors' Report of this annual report.

The entire Board consisting of non executive Directors and an independent Chairman ensures the independence of the Board from executive management.

The Board meets formally on a monthly basis. The Board has adopted a rolling annual agenda in addition to a monthly meeting agenda which ensures adequate focus on all corporate governance matters and significant financial, strategic and risk matters throughout the year.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Approval by the Board is sought before seeking such advice.

Composition of the Board
The Board of TMS does not currently comply with Principle 2.1 of the ASX Recommendations, in relation to Board independence. The Board has two independent directors and four non-independent non-executive directors due to their association with two substantial shareholders, Network Ten Limited ("TEN") and Publishing & Broadcasting Limited ("PBL").

The current composition of the Board takes into consideration the right of Board representation of its substantial shareholders, and to have a majority of independent directors would be impractical and would incur further cost to the company. The Board believes that the relationship with TEN and PBL is of real value to TMS in providing it with access to expertise, directly relevant to its businesses.

The Board of TMS believes that it has the capacity, and does bring, independent judgment to bear on decision making. As shareholders of TMS are entitled to be assured as to that belief, the Board conducts an annual self assessment of its individual and collective performance and of its committees. An action plan is prepared annually with key performance areas agreed for the coming year.

Remuneration of the Board
Non-executive Directors fees are determined by the Board within the aggregate amount approved by the Shareholders. These fees are currently paid to independent Directors only. The non-independent Directors do not receive any form of remuneration.

Board Performance
TMS recognises the importance of regular performance evaluations of Directors and has implemented a policy for its assessment and evaluation aims. A formal self-assessment of the Board and its committees is performed annually incorporating a questionnaire completed by each director with the responses discussed by the Board as a whole. The TMS Chairman may also speak to each director separately to discuss individual performances and the effectiveness of the Board and its committees, and any suggestions for change or improvement are also discussed with the entire Board.

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of various issues. Current Committees of the Board include the Audit Committee and Nomination & Remuneration Committee. The Company has also established a Corporate Compliance Committee that reports to the Chief Executive Officer who reports directly to the Board of Directors.

Each of the Committees has its own formal charter setting out the authority delegated to it by the Board and the manner in which the Committee is to operate. A copy of each committee charter is available on the Company website, www.tvmedia.com.au

All matters determined by Committees are submitted to the Board for ratification.

Audit Committee
The Audit Committee currently consists of the following non-executive Directors of which two are independent Directors.

E.P. Maltby (Chairman)
A.G. Hartnell
P.J. Montgomery
A.C. Klok

The Chairman is an independent Director who is not the chairperson of the Board. The TMS Audit Committee does not currently comply with Principle 4.3 of the ASX Recommendations, which requires that a majority of the Audit Committee members are independent directors. The current composition of the Audit Committee takes into consideration the right of Board representation of its substantial shareholders, and to have a majority of independent directors at this stage would be impractical and would incur further cost to the Company. The qualifications, skills and experience of the members of the Audit Committee are deemed appropriate for an effective and properly constructed Audit Committee.

Details of the directors' attendance at Audit Committee meetings are set out in the Directors' report.

The Audit Committee has appropriate financial expertise and all members have an appropriate understanding of the company.

The main role of the Audit Committee is to:

* act as an independent and objective party to review, assess and approve the annual and half year reports, and all other financial information presented by management for dissemination to shareholders, the Australian Stock Exchange, regulators and interested parties.
* review corporate risk assessment, compliance with Corporate Governance and the internal controls initiated.
* oversee and appraise the quality of the audits conducted by the TMS Group's external auditors.
* maintain, through regular meetings, open lines of communication among the Board, the internal accounting functions and financial officers and the external auditors to exchange views and information as well as confirm their respective authorities and responsibilities.
* provide the Board with reports on risk management. The Audit Committee has unlimited and unrestricted access to management and employees and regular meetings are held with the external auditors, providing an essential direct link between the auditors, management and the Board.

The Audit Committee ensures that the external auditors are requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Audit Committee meetings are held at least three times each financial year to evaluate the financial information submitted to it and to review any procedures and policies that would affect the accuracy of that information.

Audit Committee meetings are regularly attended by the Chief Executive Officer, Chief Financial Officer, other senior management and the external auditors, by invitation.

The Chief Executive Officer and the Chief Financial Officer are required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. They are also required to state that the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Audit Committee policy is to appoint external auditors who are appropriately independent, effective and efficient. The performance of the auditor is evaluated through regular meetings with the audit engagement partner.

PricewaterhouseCoopers were appointed as external auditors for the June 2000 audit. The current practice is for partners to rotate every 7 years. The Company will comply with current legislation which from 1 July 2006, requires partner rotation every 5 years.

An analysis of fees paid to the external auditors, including a breakdown of fees for non audit services, is provided in note 22 of the financial statements.

The auditor is required to provide a written declaration to the Directors confirming compliance with the auditor independence requirements of the Corporations Act.

Nomination and Remuneration Committee
The Nomination & Remuneration Committee currently consists of the following non-executive Directors of which two are independent Directors:

A.G. Hartnell (Chairman)
E.P. Maltby
K. Kingston
B.E. Kruger

Details of the Directors' attendance at Nomination & Remuneration Committee meetings are set out in the Directors' report.

The main role of the Nomination & Remuneration Committee is to:

* review the composition of the Board and of Senior Executives, the remuneration, including incentives, non executive directors and senior management generally.
* ensure that the composition of the Board has a balanced mix of skills, knowledge, experience and other qualities required for the Board for to function competently and efficiently.
* review the balance on the Board between independent and associated directors, especially when any change of directors is contemplated.
* review the Company's remuneration policy.

Non-executive Directors fees are determined by the Board within the aggregate amount approved by the Shareholders. These fees are currently paid to independent Directors only. The non-independent Directors do not receive any form of remuneration.

The amount of remuneration paid to Directors and each of the specified executives of the consolidated entity during the reporting period appears in the Directors' Report of this annual report and in note 21 of the financial statements.

Risk Management
The Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to properly manage those risks.

* The Board annually reviews the principal strategies of the TMS Group.
* The Board monitors and manages areas of significant business risk through its process of strategic review and application and updating of its financial policies.
* The Board reviews the allocation of work between the Board and management as part of its process of strategic review.
* The operation of Board sub-committees is to ensure that management objectives are aligned with the expectations and risks identified by the Board.
* The Board monitors the implementation of operating plans against approved budgets and key performance indicators for all significant business processes.
* The entitlement of Directors in the furtherance of their duties to obtain independent professional or other advice at the cost of TMS, and be entitled to obtain such resources and information from the TMS Group, including direct access to employees of and advisers to the TMS Group, as they may require.
* Ensure appropriate ethical conduct through TMS Group policies and monitoring through formal monthly reporting procedures.

The Company's Risk Management Policy has been updated to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the company's business objectives. Workshops have been held to ensure that staff are aware of risk management principles and procedures.

Where appropriate, external professional advice is obtained to evaluate, assess and/or rectify potential key business or financial risks within the TMS Group. As part of the Board's ongoing management of business risk, the Chief Executive Officer and the Chief Financial Officer will be required to state to the Board in writing that:

* the statement given regarding the integrity of financial statements, referred to above, is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
* the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Code of Conduct
The Company has a Code of Conduct, fully endorsed by the Board, that describes the business and ethical practices expected of each employee and director to follow in connection with all Company activities.

The Code of Conduct includes Core Values based on Integrity, Honesty and Reliability. The Company believes that adherence to these core values will help it grow and expand the opportunities for both the Company and its employees and strengthen its corporate governance. In addition, compliance with its Code of Conduct will help ensure that all those who deal with TMS will clearly see that they are dealing with a world class company which adheres to high ethical, moral, legal and business standards.

The Code of Conduct and the Company's Securities Trading Policy have been distributed to all employees and are made available to new employees as part of their induction.

Continuous Disclosure and Shareholder Communication
As part of an overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available for all interested stakeholders in a timely fashion. The Company has procedures in place to ensure compliance with all ASX Listing Rules regarding disclosure.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company website, www.tvmedia.com.au, lists announcements made to the market, press releases and information regarding annual and interim financial results. The details are posted to the website after release to the ASX. Copies of past Company annual reports are also available from the website, or upon request directly from the Company.

Shareholders attending the Annual General Meeting are also able to ask questions of the external auditor, who is requested by the Company to attend each Annual General Meeting to respond to queries about the conduct of the audit and the preparation and content of the Auditor's Report.

All shareholders, unless they request otherwise, receive a copy of the Company's annual report.

The Company is currently liaising with its Share Registry to provide shareholders access to information through electronic means, via the Share Registry.

International Financial Reporting Standards ("IFRS")
The Australian Accounting Standards Board ("AASB") has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue AASB equivalents to IFRS, and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian International Financial Reporting Pronouncements ("AIFRP"). The adoption of AIFRPs will be first reflected in the company's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006.

TMS has considered the implications of IFRS and has deemed the formation of a formal committee unnecessary. Further information on IFRS is contained in 1(c) of the accounting policies note in the financial statements.

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This financial report covers both Television & Media Services Limited as an individual entity and the consolidated entity consisting of Television & Media Services Limited and its controlled entities.

Television & Media Services Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Television & Media Services Limited
Corner of Epping and Delhi Roads
NORTH RYDE NSW 2113

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report pages 4 – 12.

Television & Media Services Limited
Statements of financial performance
for the year ended 30 June 2005

	Notes	TMS GROUP 2005 $'000	TMS GROUP 2004 $'000	TMS 2005 $'000	TMS 2004 $'000
Revenue from ordinary activities	3	**63,251**	56,291	**2,882**	359
Direct expenses		**(25,538)**	(22,231)	-	-
Indirect expenses		**(30,216)**	(30,134)	**(1,456)**	(261)
Borrowing costs	4	**(2,038)**	(2,259)	**(604)**	(648)
Profit/(loss) from ordinary activities before related income tax		**5,459**	1,667	**822**	(550)
Income tax	5	**(98)**	8	-	-
Net profit/(loss) attributable to members of Television & Media Services Limited	18(b)	**5,361**	1,675	**822**	(550)
Net decrease in foreign currency translation reserve	18(a)	**(2)**	(4)	-	-
Total changes in equity attributable to members of Television & Media Services Limited other than those resulting from transactions with owners as owners		**5,359**	1,671	**822**	(550)
		Cents	Cents		
Basic earnings per share	32	**0.6**	0.2		
Diluted earnings per share	32	**0.6**	0.2		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Television & Media Services Limited
Statements of financial position
As at 30 June 2005

	Notes	TMS GROUP **2005** **$'000**	TMS GROUP 2004 $'000	TMS **2005** **$'000**	TMS 2004 $'000
Current assets					
Cash assets	6,20	**5,344**	3,804	**4,124**	3,295
Receivables	7,20	**5,411**	4,152	**19,012**	19,187
Inventories	8	**191**	207	**-**	-
Other	9	**1,387**	1,499	**327**	618
Total current assets		**12,333**	9,662	**23,463**	23,100
Non-current assets					
Other financial assets	10	**-**	-	**-**	-
Property, plant and equipment	11	**37,598**	44,482	**4**	42
Total non-current assets		**37,598**	44,482	**4**	42
Total assets		**49,931**	54,144	**23,467**	23,142
Current liabilities					
Payables	12,20	**7,758**	7,357	**7,654**	919
Interest bearing liabilities	13,20	**22,775**	4,373	**5,592**	1,994
Provisions	14	**1,246**	1,059	**100**	71
Total current liabilities		**31,779**	12,789	**13,346**	2,984
Non-current liabilities					
Interest bearing liabilities	15,20	**1,017**	29,579	**-**	10,859
Provisions	16	**249**	249	**-**	-
Total non-current liabilities		**1,266**	29,828	**-**	10,859
Total liabilities		**33,045**	42,617	**13,346**	13,843
Net assets		**16,886**	11,527	**10,121**	9,299
Equity					
Parent entity interest					
Contributed equity	17	**141,139**	141,139	**141,139**	141,139
Reserves	18(a)	**(460)**	(458)	**-**	-
Accumulated losses	18(b)	**(123,793)**	(129,154)	**(131,018)**	(131,840)
Total equity		**16,886**	11,527	**10,121**	9,299

The above statements of financial position should be read in conjunction with the accompanying notes.

	Notes	TMS GROUP 2005 $'000	TMS GROUP 2004 $'000	TMS 2005 $'000	TMS 2004 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**63,673**	59,096	**-**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(52,967)**	(49,388)	**(999)**	(835)
		10,706	9,708	**(999)**	(835)
Interest received		**211**	175	**154**	96
Borrowing costs		**(1,796)**	(1,991)	**(313)**	(333)
Income taxes paid		**(98)**	-	**-**	-
Net cash inflow (outflow) from operating activities	30	**9,023**	7,892	**(1,158)**	(1,072)
Cash flows from investing activities					
Payments for property, plant and equipment		**(1,405)**	(3,715)	**(4)**	-
Proceeds from the sale of controlled entities, net of cash disposed		**2,722**	279	**2,722**	250
Proceeds from sale of property, plant and equipment		**1,359**	1,612	**-**	-
Proceeds from sale of investments		**-**	1,228	**-**	-
Net cash inflow (outflow) from investing activities		**2,676**	(596)	**2,718**	250
Cash flows from financing activities					
Proceeds from issues of shares		**-**	(9)	**-**	(9)
Lease payments		**(2,960)**	(2,757)	**-**	-
Repayment of borrowings		**(7,200)**	(5,987)	**(7,200)**	(5,987)
Loans with controlled entities		**-**	-	**6,469**	6,321
Net cash inflow (outflow) from financing activities		**(10,160)**	(8,753)	**(731)**	325
Net increase (decrease) in cash held		**1,539**	(1,457)	**829**	(497)
Cash at the beginning of the financial year		**3,804**	5,260	**3,295**	3,792
Effects of exchange rate changes on cash		**1**	1	**-**	-
Cash at the end of the financial year	6	**5,344**	3,804	**4,124**	3,295
Financing arrangements	13,15				
Non-cash financing and investing activities	31				

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

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Note 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year..

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Television & Media Services Limited ('TMS', 'company' or 'parent entity') as at 30 June 2005 and the results of all controlled entities for the year then ended. Television & Media Services Limited and its controlled entities together are referred to in this financial report as the consolidated entity or TMS Group. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

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

(b) Going Concern Basis of Preparation

At 30 June 2005, the consolidated entity had a working capital deficiency of $19,446,000 (2004: $3,127,000). Under the consolidated entity's current bank facility agreement, TMS is required to repay finance lease residuals totalling $14,398,000 in the March Quarter 2006 and a further $388,000 by 30 June 2006. In addition, the current balance of senior debt of $5,073,000 falls due on 2 May 2006.

Under AGAAP AASB1040, and IFRS AASB 101, a new facility or re-financing agreement must be in place at the reporting date of 30 June 2005, before any of the debt can be classified as non-current. It is anticipated the balance of any senior debt and lease residuals will be re-financed as and when they fall due, but in the absence of a new bank facility agreement, must be reflected as a current liability.

The current bank facility agreement term ends on 2 May 2006 and preliminary discussions have commenced with various lenders, including the ANZ Bank, for the re-financing of all the Company's debt facilities. With a stronger balance sheet and improved interest cover, the Directors expect the Company will negotiate a new commercial arrangement to meet the current and future funding needs of the consolidated entity.

During the year the consolidated entity reduced its external debt by $10,160,000 from $33,952,000 to $23,792,000. Over the same period to 30 June 2005, the net assets of the consolidated entity increased from $11,527,000 to $16,886,000.

The continuing viability of the Company and the consolidated entity and their ability to continue as going concerns and meet their debts and commitments as they fall due are dependent upon the consolidated entity being able to continue meeting the requirements of the current bank facilities agreement. Current forecasts suggest that the consolidated entity will continue to comply with all of its financial obligations.

Accordingly, the Directors have prepared the financial report on a going concern basis in the belief that the Company and the consolidated entity will realise their assets and settle their liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

Note 1. Summary of significant accounting policies (continued)

(c) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) has adopted IFRS for application to reporting periods beginning on or after 1 January 2005. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity has established a small project team to manage the transition to Australian equivalents to IFRS chaired by the Chief Financial Officer and reporting to the Audit Committee. To date, the project team has analysed all the relevant Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Impairment of assets
Under AASB 136 *Impairment of Assets*, non-current assets are required to be reviewed for impairment using discounted cash flows. For the purposes of this assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

For the year ended 30 June 2005, the recoverable amount of the assets employed by TMS has been determined by its value in use. A review of the carrying amount of the consolidated entity's assets shows no evidence of impairment to those assets. As such, had the policy required by AASB 136 been applied no impact on the carrying value of assets would be expected.

Income tax
Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. Items are only tax effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

Note 1. Summary of significant accounting policies (continued)

Under AASB 112, deferred tax assets are recognised if it is probable that the future benefits of these assets will be recouped. This will result in a change to the current accounting policy, under which deferred tax assets are recognised when it is virtually certain that the future benefits of the assets will be recouped.

If the policies required by AASB 112 had been applied during the year ended 30 June 2005, the entity may have been able to recognise deferred tax assets in relation to tax losses. The tax losses available to the consolidated entity as at 30 June 2005 are $23,984,000, however management have not yet determined the amount that can be recognised.

Management have reviewed their assets and liabilities and estimated the temporary differences which would arise under AASB 112. They have calculated the deferred tax balances that would be recorded to be:
i) recognition of a consolidated deferred tax asset of $900,000
ii) recognition of a consolidated deferred tax liability $1,100,000

Under UIG 1052, the parent entity, as the head entity in the tax consolidated group, will be required to recognise the current tax payable of the tax consolidated subsidiaries and deferred tax assets relating to tax losses of the tax consolidated group. The tax consolidated group has entered into a tax funding agreement where no compensation has been received or paid for any current tax payable nor deferred tax assets relating to tax losses assumed by the parent entity since implementation of the tax consolidation regime. This will result in equity contributions to, or distributions from the tax consolidated subsidiaries being recognised in the accounts of the head entity and the members of the tax consolidated group.

The parent entity's own tax amounts will be measured using one of the acceptable allocation methods in UIG 1052.

This differs from the current accounting policy, under which no deferred tax amounts have been recognised. As a result of applying UIG 1052 for the year ended 30 June 2005, the parent entity will recognise a deferred tax asset. The funding arrangements are such that TMS receives no compensation for the assumption of tax balances, however it is unresolved whether the credit will be recorded as a reduction in the investment in subsidiaries or investment income. The consolidated entity will recognise the deferred tax asset, with the corresponding credit being a reduction of accumulated losses.

The consolidated tax balances will not change as a result of UIG 1052.

Financial Instruments
The group will be taking advantage of the exemption under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Note 1. Summary of significant accounting policies (continued)

(d) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Tax losses incurred by the consolidated entity are brought to account as a reduction of the provision for deferred income tax to the extent that timing differences associated with the provision for deferred income tax will reverse within the financial periods during which the tax loss remains available.

Tax consolidation legislation
Tax consolidation allows groups comprising a parent entity and its wholly owned Australian entities to elect to consolidate and be treated as a single entity for income tax purposes. TMS and its wholly owned Australian controlled entities have elected to implement tax consolidation from 1 July 2003.

Where applicable, TMS, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in the group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to wholly owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime. For the current year ended 30 June 2005, no current or deferred income tax amounts have been recognised in note 5 or in the financial statements.

(e) Foreign currency translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

(f) Revenue recognition

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the supply of products and services, and is recognised when the consolidated entity controls a right to be compensated for the products and or services provided, the revenue can be reliably measured, and it is probable the consideration will flow to the consolidated entity.

Interest revenue is recognised as it accrues.

(g) Receivables

All trade debtors are recognised at the amounts receivable. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Note 1. Summary of significant accounting policies (continued)

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the inventory and bringing it to its existing condition and location.

(i) Recoverable amount of non-current assets

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

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining the recoverable amount of non-current assets have not been discounted to their present value.

(j) Revaluations of non-current assets

In previous financial years certain land, buildings, investments and identifiable intangible assets were carried at valuation. Upon the initial application of AASB 1041 Revaluation of Non-Current Assets, the Group has elected to adopt the cost basis for each class of non-current asset. In making this election the Group has deemed the existing carrying amounts of those assets carried at valuation to be their cost.

(k) Investments

Interests in listed and unlisted securities other than controlled entities and associates are brought to account at the lower of cost or net realisable value, and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(a).

(l) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

Category	Useful life	Depreciation basis
Plant and equipment	3 - 20 years	straight line

(m) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 1 to 3 years.

Note 1. Summary of significant accounting policies (continued)

(n) Leased non-current assets

Finance leases, which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased items, but not the legal ownership, are capitalised at the inception of the lease as a leased asset and a liability equal to the present value of the minimum lease payments is recognised. Leased assets are amortised on a straight line basis over the estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease. The interest components of the lease payments are charged as expenses to the statement of financial performance. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the period in which they are incurred. Leased assets held at balance date are being amortised between 3 - 20 years.

(o) Non-current assets constructed by the consolidated entity

The cost of non-current assets constructed by the consolidated entity includes the cost of all materials used in construction, direct labour on the project and borrowing costs incurred during construction.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(p) Intangible assets and expenditure carried forward

Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis being the period during which the benefits are expected to arise.

(q) Trade and other creditors

Liabilities are recognised for amounts to be paid in the future for goods or services received by balance date, whether or not they have been invoiced to the consolidated entity.

(r) Interest bearing liabilities

Bank loans are carried at their principal amounts, subject to set-off arrangements. Interest expense is accrued at the contracted rate.

(s) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses when incurred.

(t) Web-site costs

Costs in relation to web sites controlled by a controlled entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit.

Note 1. Summary of significant accounting policies (continued)

(u) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liabilities are settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.
Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

Liabilities for termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

(v) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

(w) Cash

For purposes of the statement of cash flows, cash includes term deposits which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(x) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 1. Summary of significant accounting policies (continued)

(z) Comparatives

Where applicable, comparatives have been adjusted to conform with changes in presentation in the current financial year.

Note 2. Segment information

Primary reporting - business segments

2005	Television Services $'000	Others $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	58,926	22	-	58,948
Total sales revenue	58,926	22	-	58,948
Other revenue	1,421	2,882	-	4,303
Total segment revenue	60,347	2,904	-	63,251
Segment EBIT (before individually significant items)	6,589	(1,230)	-	5,359
Individually significant items	(556)	2,694	-	2,138
Segment result	6,033	1,464	-	7,497
Borrowing costs				(2,038)
Profit from ordinary activities before income tax expense				5,459
Income tax expense				(98)
Profit from ordinary activities after income tax expense				5,361
Segment assets	51,755	18,812	(20,636)	49,931
Segment liabilities	45,499	13,446	(25,900)	33,045
Acquisition of property, plant and equipment and other non-current segment assets	1,401	4	-	1,405
Depreciation and amortisation expense	6,333	12	-	6,345

Note 2. Segment information (continued)

Primary reporting - business segments (continued)

2004	Television Services $'000	Others $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	52,952	32	-	52,984
Total sales revenue	52,952	32	-	52,984
Other revenue	2,948	359	-	3,307
Total segment revenue	55,900	391	-	56,291
Segment EBIT (before individually significant items)	4,310	(987)	-	3,323
Individually significant items	354	1,084	(835)	603
Segment result	4,664	97	(835)	3,926
Borrowing costs				(2,259)
Profit from ordinary activities before income tax				1,667
Income tax credit				8
Profit from ordinary activities after income tax				1,675
Segment assets	49,745	17,952	(13,553)	54,144
Segment liabilities	48,089	13,343	(18,815)	42,617
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	3,715	-	-	3,715
Depreciation and amortisation expense	6,295	20	-	6,315

Secondary reporting - geographical segments

	Total Segment revenues		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
Australia	**63,229**	56,259	**69,976**	66,512	**1,405**	3,715
USA	**22**	32	**570**	623	**-**	-
Other	**-**	-	**21**	562	**-**	-
Eliminations	**-**	-	**(20,636)**	(13,553)	**-**	-
	63,251	56,291	**49,931**	54,144	**1,405**	3,715

Notes to and forming part of the segment information

The major products/services from which the above segments derive revenue are:

Television services
Outside broadcasting and studio production services.

Others
Investment in live theatrical stage shows and others.

Note 3. Revenue

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Other corporations	**58,948**	52,984	**-**	-
	58,948	52,984	**-**	-
Revenue from outside the operating activities				
Interest received - other corporations	**220**	188	**160**	109
Other revenue	**2**	-	**-**	-
Proceeds from the sale of controlled entity	**2,722**	279	**2,722**	250
Proceeds from the sale of investments	**-**	1,228	**-**	-
Proceeds from sale of property, plant and equipment	**1,359**	1,612	**-**	-
	4,303	3,307	**2,882**	359
Revenue from ordinary activities	**63,251**	56,291	**2,882**	359

Proceeds from the sale of a controlled entity relate to deferred sale proceeds for the sale of Val Morgan Cinema Advertising Inc. to Screenvision Acquisitions 10, Inc under an agreement dated 19 September 2002.

Note 4. Profit from ordinary activities

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) Net gains and expenses				
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net gains/(losses)				
Net gain/(loss) on disposal;				
Investments	**-**	(1)	**-**	(1)
Property, plant and equipment	**(585)**	383	**(30)**	-
Controlled entities	**2,694**	150	**2,587**	250
Other assets	**-**	1,228	**-**	-
Other net foreign exchange gains	**(2)**	-	**(59)**	-
Expenses				
Depreciation				
Buildings	**-**	11	**-**	-
Plant and equipment	**3,802**	3,617	**12**	20
Total depreciation	**3,802**	3,628	**12**	20
Amortisation				
Leasehold improvements	**10**	10	**-**	-
Plant and equipment under finance leases	**2,533**	2,677	**-**	-
Total amortisation	**2,543**	2,687	**-**	-
Other charges against assets				
Bad and doubtful debts - trade debtors	**730**	11	**-**	-
Borrowing costs				
Interest expense:				
- controlled entities	**-**	-	**-**	24
- other corporations	**2,038**	2,259	**604**	624
Borrowing costs expensed	**2,038**	2,259	**604**	648
Other Provisions				
Employee benefits	**187**	106	**29**	71
Rental expense relating to operating leases				
Minimum lease payments	**2,960**	2,709	**-**	-
Writedown of other non-current assets to recoverable amount	**-**	1,157	**-**	-
Write-back for receivables from controlled entities	**-**	-	**-**	(835)

Note 5. Income tax

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) The income tax expenses for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**5,459**	1,667	**822**	(550)
Income tax calculated @ 30%	**1,638**	500	**247**	(165)
Depreciation and amortisation	**-**	15	**-**	-
Writedown to recoverable amount	**-**	-	**-**	(251)
Debt forgiveness	**(156)**	-	**-**	-
Entertainment	**10**	7	**1**	1
Other	**85**	(68)	**32**	(68)
Capital gain on sale of assets	**(783)**	(235)	**(807)**	(75)
Non Resident Withholding Tax on closure of overseas controlled entity	**98**	-	**-**	-
	892	219	**(527)**	(558)
Prior year losses recouped	**(794)**	-	**527**	-
Timing differences not recognised	**-**	(219)	**-**	558
Under (over) provision in prior year	**-**	(8)	**-**	-
Aggregate income tax expense/(benefit)	**98**	(8)	**-**	-
(b) Unused tax losses for which no deferred tax asset has been recognised	**23,984**	28,215	**-**	-
Potential tax benefit calculated @ 30%	**7,195**	8,465	**-**	-
All unused tax losses were incurred by Australian entities				

This benefit for tax losses will only be obtained if:

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

(c) Tax consolidation legislation

TMS and its wholly owned Australian subsidiaries have implemented tax consolidation from 1 July 2003. The accounting policy on implementation of the legislation is set out in note 1. The Australian Taxation Office was notified of this decision when the Company lodged its tax return for the year ended 30 June 2004.

Note 6. Current assets - Cash assets

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash at bank	**3,957**	2,523	**4,043**	3,218
Cash on deposit	**1,387**	1,281	**81**	77
	5,344	3,804	**4,124**	3,295

Statements of cash flows
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows.

Cash on deposit
The cash on deposit held by the Company is not available for use as it is held as security against a bank guarantee which in turn is security for non-cancellable operating leases (rent).

Note 7. Current assets - Receivables

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Trade debtors	**5,502**	3,732	**-**	-
Less: Provision for doubtful debts	**743**	141	**-**	-
	4,759	3,591	**-**	-
Receivables from controlled entities	**-**	-	**23,960**	24,025
Less: Provision for receivables from controlled entities	**-**	-	**5,265**	5,265
	-	-	**18,695**	18,760
Other debtors	**404**	221	**69**	87
Less: Provision for doubtful debts on other debtors	**50**	-	**50**	-
	354	221	**19**	87
Goods and services tax (GST) receivable	**298**	340	**298**	340
	5,411	4,152	**19,012**	19,187

Note 8. Current assets - Inventories

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Engineering spares	**191**	207	**-**	-

Note 9. Current assets - Other

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Prepayments	**1,190**	1,287	**327**	618
Other	**197**	212	**-**	-
	1,387	1,499	**327**	618

Note 10. Non-current assets - Other financial assets

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Other (non-traded) investments				
Shares in controlled entities - at cost (note 27)	**-**	-	**107,732**	107,732
Less: Provision for diminution	**-**	-	**107,732**	107,732
	-	-	**-**	-

Note 11. Non-current assets - Property, plant & equipment

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Land and buildings				
Leasehold improvements				
At cost	**74**	74	**-**	-
Less: Accumulated amortisation	**27**	18	**-**	-
	47	56	**-**	-
Total land and buildings	**47**	56	**-**	-
Plant and equipment				
Plant and equipment				
At cost	**50,047**	52,766	**67**	114
Less: Accumulated depreciation	**29,402**	27,854	**63**	72
	20,645	24,912	**4**	42
Plant and equipment under finance lease	**25,960**	26,082	**-**	-
Less: Accumulated amortisation	**9,054**	6,568	**-**	-
	16,906	19,514	**-**	-
Total plant and equipment	**37,551**	44,426	**4**	42
Total property, plant and equipment	**37,598**	44,482	**4**	42

No interest was capitalised to qualifying assets.

Note 11. Non-current assets - Property, plant & equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	Leasehold improve-ments $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
TMS GROUP				
Carrying amount at 1 July 2004	56	24,912	19,514	44,482
Additions	1	1,400	4	1,405
Disposals	-	(1,865)	(79)	(1,944)
Depreciation/amortisation expense (note 4(a))	(10)	(3,802)	(2,533)	(6,345)
Carrying amount at 30 June 2005	47	20,645	16,906	37,598

	Leasehold improve-ments $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
TMS				
Carrying amount at 1 July 2004	-	42	-	42
Additions	-	4	-	4
Disposals	-	(30)	-	(30)
Depreciation/amortisation expense (note 4(a))	-	(12)	-	(12)
Carrying amount at 30 June 2005	-	4	-	4

Note 12. Current liabilities - Payables

	TMS GROUP		TMS	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Trade creditors	**1,359**	1,273	**2**	1
Other payables	**6,399**	6,084	**1,056**	918
Payable to wholly owned entities	**-**	-	**6,596**	-
	7,758	7,357	**7,654**	919

Note 13. Current liabilities - Interest bearing liabilities

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Secured				
Bank loans	**5,073**	1,414	**5,073**	1,414
Lease liability (note 24)	**17,702**	2,959	**-**	-
	22,775	4,373	**5,073**	1,414
Unsecured				
Payable to wholly owned entities	**-**	-	**519**	580
	-	-	**519**	580
	22,775	4,373	**5,592**	1,994

Note 14. Current liabilities - Provisions

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Provisions - employee benefits (note 25)	**1,246**	1,059	**100**	71

Note 15. Non-current liabilities - Interest bearing liabilities

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Secured				
Bank loans	**-**	10,859	**-**	10,859
Lease liability (note 24)	**1,017**	18,720	**-**	-
	1,017	29,579	**-**	10,859

Note 15. Non-current liabilities - Interest bearing liabilities (continued)

Financing arrangements

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Conditional access was available at balance date to the following lines of credit:				
Credit standby arrangements				
Total facilities				
Finance lease facility	**18,719**	21,679	**-**	-
Bank loans	**5,073**	12,273	**5,073**	12,273
Total	**23,792**	33,952	**5,073**	12,273
Used at balance date				
Finance lease facility	**18,719**	21,679	**-**	-
Bank loans	**5,073**	12,273	**5,073**	12,273
Total	**23,792**	33,952	**5,073**	12,273
Unused at balance date	**-**	-	**-**	-

The credit facilities were negotiated for three years under an agreement with the ANZ Bank dated 2 May 2003. These facilities, with the exception of the finance lease facility, which is on a fixed repayment schedule, are required to be reduced by surplus working capital and non-core asset sales. The finance lease facilities and bank debt facilities are secured by a fixed and floating charge over the assets of TMS and certain of its wholly owned controlled entities and cross guarantees between certain of the wholly owned controlled entitiy of the Company. Under the facilities agreement, Publishing & Broadcasting Limited ("PBL") and Network Ten Limited ("TEN") together guaranteed part of the outstanding bank loan. The loan amount guaranteed by PBL and TEN was repaid in full by the TMS Group by 30 June 2005. The ANZ Bank is preparing the release from guarantees for PBL and TEN.

Note 16. Non-current liabilities - Provisions

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Provisions - employee benefits (note 25)	**249**	249	**-**	-

Note 17. Contributed equity

	TMS		TMS	
	2005 **Shares**	2004 Shares	**2005** **$'000**	2004 $'000
(a) Share capital				
Ordinary shares				
Issued and paid up capital	**955,506,383**	955,506,383	**141,139**	141,139

(b) Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 July 2003	Opening balance	955,506,383	141,148
	Less: Transaction costs arising on prior year's share issue	-	(9)
30 June 2004	Balance	955,506,383	141,139
30 June 2005	Balance	955,506,383	141,139

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to the Television & Media Services Limited Employee Share Option Plan, including details of options issued, exercised and outstanding at the end of the financial year are set out in note 25.

Note 18. Reserves and retained profits

	TMS GROUP		TMS	
	2005 **$'000**	2004 $'000	**2005** **$'000**	2004 $'000
(a) Reserves				
Foreign currency translation reserve	**(460)**	(458)	**-**	-
	(460)	(458)	**-**	-
Movements:				
Foreign currency translation reserve				
Balance 1 July 2004	**(458)**	(454)	**-**	-
Net exchange differences on translation of foreign controlled entities	**(2)**	(4)	**-**	-
Balance 30 June 2005	**(460)**	(458)	**-**	-

Note 18. Reserves and retained profits (continued)

	Notes	TMS GROUP 2005 $'000	TMS GROUP 2004 $'000	TMS 2005 $'000	TMS 2004 $'000
(b) Accumulated losses					
Accumulated losses at the beginning of the financial year		**(129,154)**	(130,829)	**(131,840)**	(131,290)
Net profit/(loss) attributable to members of Television & Media Services Limited		**5,361**	1,675	**822**	(550)
Accumulated losses at the end of the financial year		**(123,793)**	(129,154)	**(131,018)**	(131,840)

Note 19. Dividends

Franked dividends
The company does not have any franking credits available for future years.

	TMS 2005 $'000	TMS 2004 $'000
Total dividends provided for or paid	**-**	-

Note 20. Financial instruments

(a) Terms, conditions and accounting policies

Television & Media Services Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised which are material at balance date are as follows:

Cash at bank and short term deposits are stated at the lower of cost and net realisable value. Interest is recognised in the statement of financial performance when earned. Short term deposits are at call and the interest rate as at the end of the financial year was 5.10% p.a. (2004: 4.84% p.a.).

Finance lease facilities are carried at the principal amount with an effective interest rate of 6.57% p.a. There is a fixed program of debt reduction on this facility with the final payment scheduled during the year ending 30 June 2007.

Two junior debt facilities were carried at their principal amount. Tranche A had a balance of $nil at 30 June 2005 (2004: $4,306,000) and interest was charged at the bank's cost of funds (as determined by the BBSY). Tranche B had a balance of $nil at 30 June 2005 (2004: $894,000) and interest was charged at the BBSY rate plus a margin of 1.5% p.a.

Two senior debt facilities are carried at their principal amount. Tranche A has a balance of $2,573,000 (2004: $4,573,000) and Tranche B has a balance of $2,500,000 at 30 June 2005 (2004: $2,500,000). Interest on both senior debt facilities is charged at the bank's cost of funds (as determined by the BBSY) and is reviewed bi-annually. The current interest rate is 5.80% p.a. (2004: 5.72% p.a).

Note 20. Financial instruments (continued)

(b) Interest rate risk exposures

The TMS Group's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised are as follows:

			Fixed interest maturing in:			
2005	**Notes**	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Non interest bearing $'000**	**Total $'000**
Financial assets						
Cash and deposits	6	5,344	-	-	-	5,344
Receivables	7	-	-	-	5,411	5,411
		5,344	-	-	5,411	10,755
Weighted average interest rate		5.10 %	- %	- %		
Financial liabilities						
Trade and other creditors	12	-	-	-	7,758	7,758
Bank loans	13,15	-	5,073	-	-	5,073
Lease liabilities	13,15	-	17,702	1,017	-	18,719
		-	22,775	1,017	7,758	31,550
Weighted average interest rate		- %	6.66 %	5.81 %		
Net financial assets (liabilities)		5,344	(22,775)	(1,017)	(2,347)	(20,795)

			Fixed interest maturing in:			
2004	**Notes**	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Non interest bearing $'000**	**Total $'000**
Financial assets						
Cash and deposits	6	3,804	-	-	-	3,804
Receivables	7	-	-	-	4,152	4,152
		3,804	-	-	4,152	7,956
Weighted average interest rate		4.84 %	- %	- %		
Financial liabilities						
Trade and other creditors	12	-	-	-	7,357	7,357
Bank loans	13,15	-	1,414	10,859	-	12,273
Lease liabilities	13,15	-	2,959	18,720	-	21,679
		-	4,373	29,579	7,357	41,309
Weighted average interest rate		- %	6.66 %	5.81 %		
Net financial assets (liabilities)		3,804	(4,373)	(29,579)	(3,205)	(33,353)

Note 20. Financial instruments (continued)

(c) Net fair value of financial assets and liabilities

The carrying amounts and net fair values of financial assets and liabilities, both recognised and unrecognised at balance date are:

	2005		2004	
	Carrying amount $'000	**Net fair value $'000**	Carrying amount $'000	Net fair value $'000
On-balance financial instruments				
Financial assets				
Cash at bank and on deposit	**5,344**	**5,344**	3,804	3,804
Receivables	**5,411**	**5,411**	4,152	4,152
Non-traded financial assets	**10,755**	**10,755**	7,956	7,956
Financial liabilities				
Payables	**7,758**	**7,758**	7,357	7,357
Bank loans	**5,073**	**5,073**	12,273	12,273
Lease liabilities	**18,719**	**18,719**	21,679	21,679
Non-traded financial liabilities	**31,550**	**31,550**	41,309	41,309

(d) Recognised financial instruments

For cash, cash equivalents, short term deposits, trade and other debtors, trade creditors and accruals and short term borrowings, the carrying amount approximates fair value.

For financial instruments traded on organised financial markets, fair value is the quoted bid price as at the end of the financial year, adjusted for transaction costs necessary to realise the asset.

For investments where there is no quoted market price, fair value is calculated as the expected future cash flows or the underlying net asset base of the investment or security.

(e) Credit risk exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets in the balance sheet. This exposure does not take account of any security held by the consolidated entity should the counter party fail to perform its obligations in respect of the financial instrument.

Note 21. Director and executive disclosures

Directors
The following persons were paid as directors of Television & Media Services Limited during the financial year:
Chairman - Independent director
A. G. Hartnell
Independent director
E. P. Maltby

Executives with the greatest authority for strategic direction and management
The following persons were specified executives with the greatest authority for the strategic direction and management of the consolidated entity during the financial year:

Name	Position	Employer
C. S. McMillan	Chief Executive Officer	Television & Media Services Limited
C. Strouthos	Chief Financial Officer & Company Secretary	Television & Media Services Limited
	Chief Operating Officer	Global Television Pty Limited
G. R. Adams	General Manager - NSW (resigned July 2005)	Global Television Pty Limited
P. J. Musgrove	General Manager - NSW (formerly General Manager Finance & Systems)	Global Television Pty Limited
M. J. Toohey	General Counsel	Global Television Pty Limited
D. S. Tasker	General Manager - VIC	Global Television Pty Limited
G. Hicks	General Manager - QLD	Global Television Pty Limited
C. W. Cole	General Manager International Operations and Engineering Services	Global Television Pty Limited

All of the above persons were executives during the entire year ended 30 June 2005.

Remuneration report
Principles used to determine the nature and amount of remuneration
The objectives of the Company's Remuneration Policy and framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- remunerating competitively, reasonably and fairly
- remunerating to motivate and achieve performance objectives
- remunerating to retain high quality personnel (commensurate with market)
- transparency
- capital management.

The Company has structured an executive remuneration framework that is market aware and competitive and complimentary to the reward strategy of the organisation.

Directors' fees
The current base remuneration was last reviewed in November 2003. The Chairman's remuneration is inclusive of committee fees while independent directors who chair a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The aggregate maximum currently stands at $230,000 per annum.

Executive pay
The executive pay and reward framework has three components:

- base pay and benefits
- short-term performance incentives, and
- other remuneration such as superannuation.

The combination of these comprises the executives' total remuneration.

Note 21. Director and executive disclosures (continued)

Remuneration report (continued)

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

There are no guaranteed or fixed base pay increases in any senior executives' agreements.

Details of remuneration
Details of the nature and amount of each element of the emoluments of each Director and each of the specified executives of the company and the consolidated entity receiving the highest emoluments or with the greatest authority for the year ended 30 June 2005 are set out in the following tables.

Directors of Television & Media Services Limited

2005	Primary	Post-employment	
Name	Directors base fee $	Super-annuation $	Total $
A. G. Hartnell *Chairman - Non-Executive Director*	80,000	-	80,000
E. P. Maltby *Non-Executive Director*	45,872	4,128	50,000
Total	125,872	4,128	130,000

2004	Primary	Post-employment	
Name	Directors base fee $	Super-annuation $	Total $
A. G. Hartnell *Chairman - Non-Executive Director*	80,000	-	80,000
E. P. Maltby *Non-Exeuctive Director*	29,640	2,668	32,308
Total	109,640	2,668	112,308

The non-independent Directors did not receive any form of remuneration during the financial year.

Note 21. Director and executive disclosures (continued)

Details of remuneration (continued)

Specified executives of the consolidated entity

2005	Primary			Post-employment	
Name	Cash salary and fees $	Other Benefits $	Bonus $	Super-annuation $	Total $
C. S. McMillan *Chief Executive Officer*	281,789	38,622	106,666	11,585	438,662
C. Strouthos *Chief Financial Officer & Co. Secretary - TMS, Chief Operating Officer - GTV*	185,924	28,400	-	11,585	225,909
G. R. Adams *General Manager - NSW (resigned July 2005)*	169,271	35,801	-	11,585	216,657
P. J. Musgrove *General Manager - NSW (formerly General Manager Finance & Systems)*	144,170	11,080	-	11,585	166,835
M. J. Toohey *General Counsel*	131,440	23,790	-	11,377	166,607
D. S. Tasker *General Manager - VIC*	113,687	10,711	-	10,232	134,630
C. W. Cole General Manager International Operations and Engineering Services	101,250	21,328	-	9,071	131,649
G. Hicks *General Manager - QLD*	80,519	17,959	-	7,247	105,725
Total	1,208,050	187,691	106,666	84,267	1,586,674

Note 21. Director and executive disclosures (continued)

Details of remuneration (continued)
Specified executives of the consolidated entity (continued)

2004	Primary			Post-employment	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Total $
C. S. McMillan *Chief Executive Officer*	150,057	10,385	-	7,432	167,874
C. Strouthos *Chief Financial Officer & Company Secretary*	164,867	24,300	-	11,002	200,169
G. R. Adams *General Manager - NSW*	179,614	20,916	-	11,002	211,532
P. J. Musgrove *General Manager Finance & Systems*	105,007	44,494	25,000	10,261	184,762
M. J. Toohey *General Counsel*	125,473	20,790	15,000	12,159	173,422
C. W. Cole *Network Operations Manager*	91,830	26,207	-	8,265	126,302
D. S. Tasker *General Manager - VIC*	101,264	-	-	9,114	110,378
G. Hicks *General Manager - QLD*	77,547	17,840	-	6,979	102,366
Total	995,659	164,932	40,000	76,214	1,276,805

Employment agreements
Remuneration and other terms of employment for the Chief Executive Officer are formalised in an employment agreement. This agreement also provides for the provision of performance-related cash bonuses.

C. S.McMillan - Chief Executive Officer
- Signed 3 December 2003 for commencement of employment from 22 December 2003 and to continue for a period of four years.
- Annual remuneration of $320,000 including superannuation with an annual review by the Nomination & Remuneration Committee with no representations that an increase will result from the review.
- The employment agreement allows for a bonus payment for the first 3 years of the Term, which, in total, does not exceed the average annual remuneration over a 3 year period. The bonus payment is based on satisfactory performance of duties as approved by the Board.

Note 21. Director and executive disclosures (continued)

Option holdings
The numbers of options over ordinary shares held in the Company during the financial year by each of the specified executives of the consolidated entity, including their personally-related entities, are set out below. There were no options over ordinary shares held in the Company during the financial year by any of the Directors of Television & Media Services Limited (refer notes 25 and 32).

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Television & Media Services Limited						
	-	-	-	-	-	-
Specified executives of the consolidated entity						
G. R. Adams	75,000	-	-	-	75,000	-
P. J. Musgrove	30,000	-	-	-	30,000	-
C. W. Cole	15,000	-	-	-	15,000	-
D. S. Tasker	20,000	-	-	-	20,000	-
G. Hicks	20,000	-	-	-	20,000	-

All the options held by the specified executives of the TMS Group were exercisable at $1.92 on or before 26 July 2005. All options held by the specified executives of the TMS Group have since lapsed as none were exercised.

Share holdings
The numbers of shares in the company held during the financial year by each Director of Television & Media Services Limited and each of the specified executives of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Television & Media Services Limited **Ordinary shares**				
A. G. Hartnell	30,200	-	-	30,200
M. C. Morris (resigned 5 April 2005)	50,000	-	(50,000)	-
Specified executives of the consolidated entity **Ordinary shares**				
C. S. McMillan	98,500	-	-	98,500
P. J. Musgrove	3,500	-	-	3,500
G. R. Adams	418,845	-	-	418,845
C. Strouthos	-	-	200,000	200,000
M. J. Toohey	1,947,936	-	1,000,000	2,947,936

Note 22. Remuneration of auditors

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$	$	**$**	$
During the year the following services were paid to the auditor of the parent entity, its related practices and non-related audit firms:				
Assurance services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the Corporations Act 2001	**98,251**	94,600	**55,341**	54,600
Total remuneration for assurance services	**98,251**	94,600	**55,341**	54,600
Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of company income tax returns	**13,885**	19,500	**5,600**	19,500
Total remuneration for taxation services	**13,885**	19,500	**5,600**	19,500
Advisory services				
Fees paid to PricewaterhouseCoopers Australian firm:				
Advisory services for winding up of subsidiaries	**9,305**	22,610	**9,305**	22,610
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**32,430**	7,895	**12,990**	-
Total remuneration for advisory services	**41,735**	30,505	**22,295**	22,610

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important; these assignments are principally tax advice or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

Note 23. Contingent liabilities and assets

There are no contingent liabilities and assets at 30 June 2005 (2004: Nil)

Note 24. Commitments for expenditure

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**585**	188	**-**	-
Lease commitments				
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**3,685**	3,421	**-**	-
Later than one year but not later than 5 years	**3,859**	5,198	**-**	-
Commitments not recognised in the financial statements	**7,544**	8,619	**-**	-
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	**18,364**	4,416	**-**	-
Later than one year but not later than 5 years	**1,545**	19,910	**-**	-
Minimum lease payments	**19,909**	24,326	**-**	-
Less: Future finance charges	**1,190**	2,647	**-**	-
Recognised as a liability	**18,719**	21,679	**-**	-
Total lease liabilities	**18,719**	21,679	**-**	-
Representing lease liabilities:				
Current (note 13)	**17,702**	2,959	**-**	-
Non-current (note 15)	**1,017**	18,720	**-**	-
	18,719	21,679	**-**	-
Remuneration commitments				
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	**320**	320	**320**	320
Later than one year but not later than 5 years	**480**	800	**480**	800
	800	1,120	**800**	1,120

Note 25. Employee benefits

	TMS GROUP		TMS	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Employee benefit and related on-costs liabilities				
Provision for employee benefits - current (note 14)	**1,246**	1,059	**100**	71
Provision for employee benefits - non-current (note 16)	**249**	249	**-**	-
Aggregate employee benefit and related on-cost liabilities	**1,495**	1,308	**100**	71

	Number		Number	
	2005	2004	2005	2004
Employee numbers				
Average number of employees during the financial year	**156**	153	**4**	4

Employee share option plan
The company operates an employee share option plan where employees of the Company are issued with options over ordinary shares in TMS. The options are issued for nil consideration in accordance with criteria established by the TMS Nomination & Remuneration Committee. The options cannot be transferred and are not, and will not be quoted on the Australian Stock Exchange. The options may be exercised progressively over a period of five years from the date of grant, but lapse within 60 days of resignation or 90 days of a participant's termination of employment with the Company. The exercise price per option is the greater of 20 cents or the market value of TMS shares at the date of grant. The market value of ordinary shares in TMS closed at $0.039 on 30 June 2005 (2004: $0.032).

Details of the employee options on issue at 30 June 2005

(a) 260,000 options granted 2000/01 and exercisable at $1.92 on or before 26 July 2005.
(b) 550,000 options granted 2000/01 and exercisable at $1.81 between 1 July 2004 and 30 June 2010.
(c) 550,000 options granted 2000/01 and exercisable at $1.81 between 1 July 2004 and 30 June 2010.

No ordinary shares have been issued under this plan during the year.

No employee options have been granted since the end of the financial year.

Superannuation Commitments
The Company contributes to a number of superannuation funds. These funds are accumulation funds. The Trustees represent that these funds comply with all relevant requirements under the Superannuation Industry (Supervision) Act 1993. At balance date the assets of each of the funds are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of each employee.

Note 26. Related parties

Directors and specified executives
Information on remuneration of directors is disclosed in note 21.

Transactions with other related parties
All transactions with related entities were made on normal commercial terms and conditions.

Network Ten Limited and Nine Network Pty Limited are considered to be related parties due to their shareholding in TMS. Transactions with Network Ten Limited and Nine Network Pty Limited are disclosed below.

Aggregate amounts of outside broadcast and studio production services transactions with other related parties and the consolidated entity:

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$	$	**$**	$
Outside broadcast and studio production services to Network Ten Limited	**(25,195,000)**	(19,121,000)	**-**	-
Outside broadcast production services to Nine Network Pty Limited	**(12,637,000)**	(11,344,000)	**-**	-
	(37,832,000)	(30,465,000)	**-**	-

Aggregate amounts receivable from related parties at balance date:

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$	$	**$**	$
Receivable from Network Ten Limited	**2,243,000**	567,000	**-**	-
Receivable from Nine Network Pty Limited	**424,000**	382,000	**-**	-
	2,667,000	949,000	**-**	-

Wholly owned group
During the year wholly owned controlled entities and associates transacted with TMS and other TMS Group companies and associates. All transactions were on normal commercial terms and conditions. A commercial rate of interest was charged on a loan owed by TMS to TMS Entertainment Limited. All other intra group loans are interest free and repayable on demand. Ownership interests in these controlled entities are set out in note 27.

Note 27. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding 2005 %	Equity holding 2004 %
Ultimate parent entity				
Television & Media Services Limited	Australia		**-**	-
Controlled entities				
TMS Liveshows Pty Limited *	Australia	Ordinary	**100**	100
TMS Entertainment Limited (Delaware)	United States	Ordinary	**100**	100
TMS Distribution Australia Pty Limited *	Australia	Ordinary	**100**	100
TMS Distribution Pty Limited *	Australia	Ordinary	**100**	100
Television & Media Services (NZ) Limited	New Zealand	Ordinary	**-**	100
Global Television Pty Limited *	Australia	Ordinary	**100**	100
Global Television (Homebush Bay) Pty Limited *	Australia	Ordinary	**100**	100
Global Television Holdings Pty Limited *	Australia	Ordinary	**100**	100
Studio Productions Victoria Pty Limited *	Australia	Ordinary	**100**	100
TMS Intellectual Property Pty Limited	Australia	Ordinary	**100**	100
Television & Media Services (UK) Limited	United Kingdom	Ordinary	**-**	100
Point of Sale Media Unit Trust	Australia	Ordinary	**100**	100
Point of Sale Media Pty Limited	Australia	Ordinary	**100**	100
Media Entertainment Group (Fiji) Limited	Fiji	Ordinary	**100**	100
Invagra Pty Limited	Australia	Ordinary	**100**	100

* These controlled entities have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities & Investments Commission. For further information see note 28.

Disposal of controlled entities
Non-operating entities, Television & Media Services (UK) Limited and Television & Media Services (NZ) Limited were wound up during the year ended 30 June 2005.

Note 28. Deed of cross guarantee

The companies (marked with an asterisk - *) in note 27 represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Television & Media Services Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of financial performance for the year ended 30 June 2005 of the Extended Closed Group consisting of Television & Media Services Limited, TMS Liveshows Pty Limited, TMS Distribution Australia Pty Limited, TMS Distribution Pty Limited, Global Television Pty Limited, Global Television (Homebush Bay) Pty Limited, Global Television Holdings Pty Limited and Studio Productions Victoria Pty Limited.

Note 28. Deed of cross guarantee (continued)

	2005 $'000	2004 $'000
Revenue from ordinary activities	**61,870**	53,140
Direct expenses	**(25,540)**	(22,231)
Indirect expenses	**(32,574)**	(30,407)
Borrowing costs expense	**(2,036)**	(2,283)
Net profit/(loss) from ordinary activities after income tax expense	**1,720**	(1,781)

Set out below is a summary of movements in consolidated retained profits for the year ended 30 June 2005 of the Extended Closed Group.

	2005 $'000	2004 $'000
Accumulated losses at the beginning of the financial year	**(123,972)**	(122,191)
Net profit/(loss) from ordinary activities after income tax expense	**1,720**	(1,781)
Accumulated losses at the end of the financial year	**(122,252)**	(123,972)

Note 28. Deed of cross guarantee (continued)

Set out below is a consolidated statement of financial position as at 30 June 2005 of the Extended Closed Group.

	2005 $'000	2004 $'000
Current assets		
Cash assets	**5,294**	3,760
Receivables	**18,678**	17,317
Inventories	**191**	207
Other	**1,352**	1,499
Total current assets	**25,515**	22,783
Non-current assets		
Other financial assets	**270**	270
Property, plant and equipment	**37,598**	44,482
Total non-current assets	**37,868**	44,752
Total assets	**63,383**	67,535
Current liabilities		
Payables	**18,690**	15,943
Interest bearing liabilities	**23,294**	3,538
Provisions	**1,246**	1,059
Total current liabilities	**43,230**	20,540
Non-current liabilities		
Interest bearing liabilities	**1,017**	29,579
Provisions	**249**	249
Total non-current liabilities	**1,266**	29,828
Total liabilities	**44,496**	50,368
Net assets	**18,887**	17,167
Equity		
Contributed equity	**141,139**	141,139
Accumulated losses	**(122,252)**	(123,972)
Total Equity	**18,887**	17,167

Note 29. Events occurring after reporting date

The TMS Group has opened discussions with various lenders for the re-negotitation of its debt facilities. The current facility agreement with the ANZ Bank ends on 2 May 2006 although certain finance lease residuals fall due in January and March 2006. The Company has already received an indication from the ANZ Bank that the finance lease residuals totalling $14,389,000 falling due before 2 May 2006 may be re-financed for the short term to allow a re-negotiation of the complete financing facility. An indicative offer from a third party lender has also been received for the current funding requirements of the TMS Group. The Directors believe the Company's debt facilities will be re-negotiated to long-term facilities. Interest on the TMS Group's debt facilities is currently charged at lower than a commercial rate of interest. The refinancing of the TMS Group's debt facilities will mean a commercial rate of interest will be charged when a new facility agreement is negotiated.

Since the end of the financial year and to the date of this report, TMS has not entered into any material transactions or events, and there has not arisen any item, transaction or event of a material and unusual nature which, in the opinion of the Directors of TMS, is likely to affect significantly the operations, the results of those operations, or the state of affairs of the TMS Group in subsequent financial years.

Note 30. Reconciliation of profit/(loss) from ordinary activities after income tax to net cash inflow/(outflow) from operating activities

	TMS GROUP		TMS	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Profit/(loss) from ordinary activities after income tax	**5,361**	1,675	**822**	(550)
Depreciation and amortisation	**6,345**	6,315	**12**	20
Write down of investments and other non-current assets to recoverable amount	**-**	1,158	**-**	(834)
Net profit on the sale of investments	**-**	(1,228)	**-**	-
Net (profit)/loss on sale of property, plant and equipment	**585**	(383)	**30**	-
Net profit on sale of controlled entity	**(2,694)**	(150)	**(2,587)**	(250)
Net exchange differences	**-**	-	**(59)**	-
Change in operating assets and liabilities				
Decrease (increase) in trade debtors and bills of exchange	**(1,259)**	1,262	**135**	(306)
Decrease in inventories	**16**	29	**-**	-
Decrease (increase) in prepayments	**97**	(125)	**291**	348
Decrease in other assets	**15**	100	**-**	-
Increase (decrease) in trade creditors	**81**	(601)	**169**	429
Increase (decrease) in other creditors	**289**	(258)	**-**	-
Decrease in provision for income taxes payable	**-**	(8)	**-**	-
Increase in other provisions	**187**	106	**29**	71
Net cash inflow from operating activities	**9,023**	7,892	**(1,158)**	(1,072)

Note 31. Non-cash financing and investing activities

Ordinary shares issued under the Company's dividend reinvestment plan during the financial year totalled nil (2004: nil).

Note 32. Earnings per share

	TMS GROUP	
	2005	2004
	Cents	Cents
Basic earnings per share	**0.6**	0.2
Diluted earnings per share	**0.6**	0.2

	TMS GROUP	
	2005	2004
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	**955,506,383**	955,506,383

Since the reporting date and before the completion of these financial statements no ordinary shares have been issued on the exercise of any options.

All securities are anti-dilutive with options totalling 155,610,002. The total consists of options to Publishing & Broadcasting Limited (54,250,001), Network Ten Limited (50,000,001), ANZ (50,000,000) with the balance being employee options (1,360,000 - refer note 21 & 25).

Net tangible asset backing per ordinary share $0.018 (2004: $0.012).

In the directors' opinion:

(a) the financial statements and notes set out on pages 18 to 57 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 28.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

A.G. Hartnell
Chairman

Sydney, NSW
25 August 2005

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Independent audit report to the members of Television & Media Services Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Television & Media Services Limited (the company) and the Television & Media Services Group (defined below) for the financial year ended 30 June 2005 included on Television & Media Services Limited's web site. The company's directors are responsible for the integrity of the Television & Media Services Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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.

Audit opinion

In our opinion, the financial report of Television & Media Services Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Television & Media Services Limited and the Television & Media Services Group (defined below) as at 30 June 2005, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001.*

This opinion must be read in conjunction with the rest of our audit report.

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 both Television & Media Services Limited and the Television & Media Services Group (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 the preparation and true and fair presentation of the financial report 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.

Audit approach

We conducted an independent audit in order to express an opinion 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 is 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. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards 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
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

B K Hunter
Partner

Sydney
25 August 2005

The shareholder information set out below was applicable as at 23 August 2005.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security			
	Ordinary shares			
	Shares	Options	Redeemable preference shares	Convertible notes
1 - 1,000	**1,127**	-	**-**	-
1,001 - 5,000	**1,339**	-	**-**	-
5,001 - 10,000	**615**	-	**-**	-
10,001 - 100,000	**1,292**	-	**-**	-
100,001 - and over	**411**	-	**-**	-
	4,784	-	**-**	-

There were 3,189 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	**Number held**	**Percentage of issued shares**
The TEN Group Limited	**232,344,149**	24.32
Publishing & Broadcasting Limited	**230,187,656**	24.09
Australia & New Zealand Banking Group Limited	**100,000,000**	10.47
Ligon 205 Pty Limited	**60,548,113**	6.34
Consolidated Press Holdings Limited	**40,026,000**	4.19
UBS Nominees Pty Limited	**24,000,000**	2.51
Blaironia Pty Limited	**16,056,342**	1.68
Fairfax & Roberts Limited	**12,455,209**	1.30
HSBC Custoday Nomines (Australia) Limited - GSCO ECSA	**9,020,725**	0.94
ANZ Nominees Limited	**4,848,440**	0.51
Dr David Goldberg (Leveraged Equities A/c)	**4,200,000**	0.44
Mr Chris Carr & Mrs Betsy Carr	**4,165,232**	0.44
Arastar Pty Limited	**3,850,000**	0.40
Mr Ceri Andrew Griffiths	**3,694,178**	0.39
Rodiv NSW Pty Limited (Rodiv Pension Fund A/c)	**3,658,712**	0.38
Formata Pty Limited	**3,500,000**	0.37
J P Morgan Nominees Australia Limited	**3,020,186**	0.32
UBS Private Clients Australia Nominees Pty Limited	**2,643,322**	0.28
Mrs Rita Hanna	**2,300,000**	0.24
Merrill Lynch (Australia) Nominees Pty Limited	**2,274,059**	0.24
	762,792,323	79.85

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
The Ten Group Limited	232,344,149	24.32
Publishing & Broadcasting Limited	230,187,656	24.09
Australia & New Zealand Banking Group Limited	100,000,000	10.47
The Fink Group	60,554,437	6.34

D. Voting rights

On a show of hands, each member present in person or by proxy or attorney or, in the case of an entity, by a duly appointed representative, shall have one vote and, upon a poll, every member so present shall have one vote for every share held.

E. Company secretary

The Company Secretary is Mr Chris Strouthos. Mr Strouthos was appointed to the position of Company Secretary on 4 April 2003, in addition to his role of Chief Financial Officer, after joining the Company on 13 January 2003. Before joining TMS, Mr Strouthos held similar senior finance roles in public and private companies, including fifteen years experience within the media industry. Mr Strouthos holds an Associate Diploma in Accounting & Business Studies.

F. Australian Stock Exchange Listing

Quotation has been granted for all the ordinary shares of TMS on all Member Exchanges of the Australian Stock Exchange Limited. The Home Exchange is Sydney. The Company's ASX Code is TMS and its Market Call Code is 2918.