



**PUBLISHING AND BROADCASTING
LIMITED**

A.B.N. 52 009 071 167

FULL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003



Corporate Information

Directors

James D Packer
Executive Chairman
Peter W Yates BCom, MSc(Mgt)
Managing Director & Chief Executive Officer
John H Alexander BA
Chief Executive Officer, PBL Media & Australian Consolidated Press
Rowen B Craigie BEc (Hon)
Chief Executive Officer, Crown
Graham A Cubbin BEc (Hons)
Rowena Danziger BA, DipEd (Qld) MACE
Ashok P Jacob MBA
Sir Laurence Muir VRD, LLB, FSIA, FAIM
Kerry F B Packer AC
Richard W Turner BEc, FCA
Robert M Whyte BEc

Chief Executive Officer, PBL Enterprises & Group General Counsel

James L McLachlan BSc, LLB, LLM

Chief Financial Officer

Geoffrey R Kleemann CA

Secretaries

Stephen J Wright BCom, CPA, FCIS
Robert B Davis BBus, FCPA, FCIS

Main Office

54 Park Street
Sydney NSW 1028 Australia

Website

Visit our website www.pbl.com.au for media releases and financial information

Auditor

Ernst & Young

Banker

Australia and New Zealand Banking Group Limited

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 1115
Telephone: 1 800 269 981 (within Australia)
(61 3) 9649 5215 (from overseas)
Facsimile: (61 2) 8234 5050
Website: www.computershare.com

Our Strategy

The continuing enhancement of our ability to inform, entertain and service a wide range of consumers through our core television, magazine, gaming and emerging technology businesses. We will reach additional audiences by re-investing our strong cash flows in the latest concepts and formats, the best creative talents and new markets

Financial Calendar

2003

Shares quoted "ex" dividend	24 September
Record date for final dividend	30 September
Dividend payment	15 October
Annual General Meeting	30 October

2004

Announcement for interim results and dividend	February
Record date for interim dividend	late March
Payment of interim dividend	mid April
Announcement for preliminary final results and dividend	August
Annual General Meeting	late October

Annual General Meeting

The 2003 Annual General Meeting of Publishing and Broadcasting Limited will be held at the Grand Ballroom, Sheraton on the Park Hotel, 161 Elizabeth Street, Sydney on Thursday, 30 October 2003 at 11:00 am

Important Information for Shareholders

This publication includes PBL's Directors' Report, the full Financial Statements and Auditors' Report for the year ended 30 June 2003.

It should be read in conjunction with PBL's Concise Annual Report. The Concise Annual Report includes the Year in Review from the Chairman and Chief Executive Officer as well as a review of PBL Media, Television, Magazines, Gaming and Enterprises Divisions.

The Concise Annual Report is available from Computershare Investor Services Pty Limited on request: Tel 1 800 269 981 or by fax (61 2) 8234 5050. Both the Concise Annual Report and this report can be accessed on the company's web site at www.pbl.com.au.

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Corporate Directory

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is an important matter to the Company and the Board of Directors ("the Board") of Publishing and Broadcasting Limited ("PBL" or "Company"). The PBL Board is ultimately responsible for the corporate governance of the Company, notwithstanding the recent establishment of a Corporate Governance Committee, whose purpose is to review and develop corporate governance policies which are appropriate for the Company. This statement describes the main corporate governance practices in place during 2003.

BOARD OF DIRECTORS

The Board is responsible to the shareholders of the Company for the overall management of PBL, and delegates the responsibility for day to day management of the Company to the Chief Executive Officer.

More specific responsibilities of the PBL Board include:

- in conjunction with senior management, establishing the Company's strategy and goals for senior management,
- evaluating implementation of the Company's strategy and the measurement of the performance of senior management against agreed goals,
- the appointment of Board members and the Chief Executive Officer,
- ensuring appropriate compliance with the various regulatory regimes which affect the Company,
- the approval of the Company's financial reporting, and
- authorising and reviewing major investments.

The Board has recently increased the number of regular meetings held to six per annum and the Directors have access to appropriate senior management at Board and Committee meetings. The Board is provided with financial and operational reports for the Company's businesses and major investments for each Board meeting.

At the date of this report the Board comprises eleven directors. Mr Ian Johnson resigned from the Board on 30 June 2003. There are now seven non-executive directors and four executive directors including the Executive Chairman and Chief Executive Officer. The Board seeks to appoint directors who will provide an appropriate variety of skills, experience and independence.

Board members' qualifications, skills and experience are detailed on pages 9 and 10 of this report, while the remuneration paid to all directors for the year ended 30 June 2003 is set out on pages 12 and 13.

In accordance with the Company's constitution, at each Annual General Meeting ("AGM") of the Company a number of the Company's directors will face re-election. One third of the Board (excluding the Managing Director and any director specifically required to stand for re-election) must stand for re-election. In addition no director, other than the Managing Director, may hold office for more than three years, and any director appointed by the Board since the last AGM must stand for re-election at the next AGM. All retiring directors are eligible for re-election. The Company does not have a policy in relation to the retirement or tenure of directors.

The Board has established a number of committees to assist in the execution of its responsibilities, and during the current year the Board reviewed of the appropriateness of committees already in place. This resulted in the separation of the Audit and Finance Committee into two committees, the Audit Committee and the Finance Committee. In addition, the Board formed the Occupational Health and Safety Committee and more recently the Corporate Governance Committee. The following Board committees were in place at the date of this report:

- Audit Committee
- Corporate Governance Committee
- Finance Committee
- Investment Committee
- Occupational Health & Safety Committee
- Remuneration Committee

Details of these committees are discussed below.

As an adjunct to the Board convened committees, the Chief Executive Officer has established a number of executive committees:

- PBL Executive Committee
- Executive Compensation Committee
- Treasury Committee

In addition, there are regular meetings of management of the Television, Magazines, Crown and Enterprises businesses.

Board Committees

Finance and Audit Committee

During the year, the Board considered it appropriate to separate the Finance and Audit Committee into two committees, the Audit Committee and the Finance Committee. These committees are discussed in detailed below. In separating the two committees, the Board considered it appropriate that Mr Peter Yates, the Chief Executive Officer of PBL, step down from the Audit Committee. This means that all members of the Company's Audit Committee are non-executive directors.

Audit Committee

The role of the Audit Committee is subject to the direction and control of the Board. The committee comprises:

- Mr Richard Turner, Chairman of the Committee and a Non-Executive Director of PBL,
- Mr Graham Cubbin, Non-Executive Director of PBL, and
- Mrs Rowena Danziger, Non-Executive Director of PBL

The Audit Committee's primary function is to assist the Board in determining whether:

- accounting records are appropriately maintained and are in line with relevant statutory requirements,
- there are effective internal controls in place to safeguard the assets of the Company, and
- the financial as well as non-financial information provided to shareholders and others is accurate.

The Committee fulfils these responsibilities by meeting with and reviewing the work undertaken by the external auditors of the Company as well as the Company's management. This process creates a direct line of communication between the external auditors and the Board of Directors so that a clear and objective assessment is made of the accuracy and quality of accounting policies, records and reports as well as the internal controls and procedures of the Company. The Committee takes time to meet with the external auditors independent of the Company's executives, as it feels appropriate. The Committee also seeks written representations from the PBL and divisional Chief Financial Officers to confirm compliance with relevant accounting and legislative requirements and internal management controls and procedures. In addition, the CEO and Chief Financial Officer of the Company have represented to the Board that the Financial Statements for the Company for the year ended 30th June 2003 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with accounting standards relevant to the Company's businesses.

Corporate Governance Committee

In the new financial year, the Board has formed a Corporate Governance Committee which is subject to the direction and control of the Board. The Committee comprises:

- Mr Richard Turner, Chairman of the Committee and a Non-Executive Director of PBL,
- Mr Graham Cubbin, Non-Executive Director of PBL, and
- Mr Robert Whyte, Non Executive Director of PBL

The purpose of the committee is to review and develop corporate governance policies which it considers appropriate for the Company. Of particular current relevance is the committee's review of the ASX Corporate Governance Principles and Best Practice Recommendations.

Finance Committee

The role of the Finance Committee is subject to the direction and control of the Board. The committee comprises:

- Mr Richard Turner, Chairman of the Committee and a Non-Executive Director of PBL,
- Mr Graham Cubbin, Non-Executive Director of PBL,
- Mrs Rowena Danziger, Non-Executive Director of PBL, and
- Mr Peter Yates, Managing Director & Chief Executive Officer of PBL

The committee is authorised to approve the use of the common seal for the purposes of:

- entering into contracts and leases,
- facilitating borrowings for the PBL group,
- appointment of attorneys for document execution,
- guaranteeing the obligations of subsidiaries, and
- other transactions involving the general business of PBL.

Occupational Health and Safety Committee

In June 2003 the Board formed an Occupational Health and Safety (OH&S) Committee. The role of the OH&S Committee is subject to the direction and control of the Board. The committee comprises:

- Mrs Rowena Danziger, Chairperson of the Committee and a Non-Executive Director of PBL,
- Mr Graham Cubbin, Non-Executive Director of PBL, and
- Mr Peter Yates, Managing Director & Chief Executive Officer of PBL

The purpose of the committee is to monitor the application of the PBL OH&S Policy, which commits to protecting the health and safety of the people who work with PBL, and the people who visit and use PBL's facilities. This

commitment is integral to the way the Company carries on its businesses. The policy's framework expects PBL's businesses to develop, implement and maintain systems for health and safety which will enable the Company to:

- meet legal obligations in relation to OH&S,
- identify and control risks to our employees, contractors and the community,
- involve our employees in the health and safety of their workplace through open consultation and communication,
- train our employees and assist our contractors to perform their tasks safely, and
- regularly audit and report health and safety performance against measurable objectives and targets.

The OH&S Policy expects all PBL employees, through their behaviour, to demonstrate leadership and commitment to OH&S and encourage behaviour that promotes a culture of accountability, and continuous improvement in OH&S.

Investment Committee

The PBL Investment Committee is subject to the direction and control of the Board. The Committee comprises:

- Kerry Packer, Chairman of the Committee and Non Executive Director of PBL
- James Packer, Executive Chairman of PBL,
- Peter Yates, Managing Director and Chief Executive Officer of PBL, and
- Ashok Jacob, Non Executive Director of PBL,

The purpose of the committee is to review and approve new investments for the Company, up to a value of A\$50 million in aggregate for any one investment. The committee receives the support and assistance in its consideration of potential investments from the research and analytical resources of the PBL Enterprises division and the Chief Executive Officer and Chief Financial Officer of the business to which the investment is relevant.

Remuneration Committee

The role of the Remuneration Committee is subject to the direction and control of the Board of Directors. The committee comprises:

- Mr Kerry Packer, Non-Executive Director of PBL, and
- Sir Laurence Muir, Non-Executive Director of PBL

The purpose of the committee is to review and recommend to the Board the fees to be paid to Non-Executive Board members. The fees paid to Non-Executive Board members are determined by the Board and are within the combined amount approved by the shareholders of the Company in the General Meeting on 27 March 1987. Non-Executive Directors, excluding the CPH nominated Non-Executive Directors, receive a fixed fee per annum, while the CPH appointed Non-Executive Directors do not receive any remuneration. Non-Executive Directors do not receive any bonus payments. The elements of Directors' remuneration is set out on pages 12 and 13 of this report.

Directors' Meetings

The number of Directors' Meetings (including meetings of Board committees) and the number of meetings attended by each of PBL's directors during their term of office in the financial year are:

	Directors		Finance and Audit Committee**		Finance Committee (formed March '03)	Audit Committee (formed March '03)	Remuneration Committee		Investment Committee		OH&S Committee e. (formed June '03)
	Meetings		Meetings		Meetings	Meetings	Meetings		Meetings		Meetings
	Held	Attend	Held	Attend	Held	Held	Held	Attend	Held	Attend	Held
J D Packer	4	4	-	-	-	-	-	-	5	4	-
P W Yates	4	4	2	1+	-	-	-	-	5	5	-
J H Alexander	4	4	-	-	-	-	-	-	-	-	-
R Craigie	4	4	-	-	-	-	-	-	-	-	-
G A Cubbin	4	3	2	1	-	-	-	-	-	-	-
R Danziger	4	4	2	2	-	-	-	-	-	-	-
A P Jacob	4	4	-	-	-	-	-	-	5	3	-
L M Muir	4	4	-	-	-	-	1	1	-	-	-
K F B Packer	4	4	-	-	-	-	1	1	5	5	-
R W Turner	4	4	2	2	-	-	-	-	-	-	-
R M Whyte	4	3	-	-	-	-	-	-	-	-	-
I J Johnson*	4	2	-	-	-	-	-	-	-	-	-

* Mr I Johnson resigned from the Board of Directors on 30 June 2003

+ Mr P Yates resigned from the Audit Committee on 27 Feb 2003

** This does not include matters dealt with by the Committee by way of Circular Resolutions

Crown Limited has a Board of Directors comprising Mr James Packer (Chairman), Mr Kevan Gosper (Deputy Chairman), Mr Rowen Craigie, Mr Ashok Jacob, Mr Geoffrey Kleemann, Mr Kerry Packer and Mr Peter Yates. Mr Ian Johnson resigned from the Crown Limited Board on 30 June 2003. Certain members of the Crown Board meet monthly with senior management of Crown to review its operations.

CEO's Executive Committees

The Company's CEO has formed a number of Executive Committees as follows:

Executive Committee which comprises the Chief Executive Officers of each of PBL's businesses – Television, Magazines, Gaming, ecorp and PBL Enterprises, as well as the heads of each of PBL's core support functions – Finance, Human Resources, Information Technology and cross promotion, continued to meet monthly throughout the year.

Executive Compensation Committee – This committee comprises Mr Kerry Packer (Chairman), Mr James Packer, Mr Peter Yates and Mr Peter Hosking (PBL Group Human Resources Director). This committee is responsible for setting and reviewing the compensation levels for senior executives in the group and meets as required. The annual reviews of executive remuneration consider the financial performance of the Company, executives' personal performance, and the market competitiveness of remuneration as advised by independent experts.

Treasury Committee – This committee comprises Mr Peter Yates, Mr Kerry Packer, Mr Geoffrey Kleemann (PBL Chief Financial Officer) and Ms Bernadette Sarroff (PBL Treasurer). This committee operates within the Treasury Policy approved by the Board of Directors of PBL to manage the foreign exchange, interest rate, liquidity and credit risks for the PBL group, and meets as required.

COMMUNICATION WITH SHAREHOLDERS AND CONTINUOUS DISCLOSURE

The Board ensures that shareholders are advised of important developments in the Company by encouraging a culture of compliance with the Australian Stock Exchange ("ASX") continuous disclosure requirements. At the monthly PBL Executive Committee meetings, continuous disclosure is a standing item on the agenda. This is intended to capture any issues which may require disclosure to the market in the near future, and which have not previously been identified. All Executive Committee members have been made aware of the elements of the continuous disclosure procedure, including the requirement in between meetings, that the Company's CEO be promptly notified of any proposed or unintended disclosure of information which maybe price sensitive. The CEO maintains regular contact with the Company Secretary on any matters subject to continuous disclosure. All proposed Company media releases and external presentations are reviewed by senior management to determine if they are subject to the continuous disclosure requirements. The Company Secretary is responsible for communications with the ASX and ensuring that until the ASX confirms the release of any price sensitive information, that information is not disclosed to any person external to the Company.

The Company ensures all ASX announcements are posted on the Company's website (www.pbl.com.au) the same day as release to the ASX. In addition the company sends to all shareholders the concise annual report, unless they have elected not to receive one, and a copy of the full financial report, on request.

The company encourages shareholders to attend the company's Annual General Meeting ("AGM"), to canvass relevant issues of interest. The company requests the attendance of the external auditor at the AGM to answer any shareholders' questions on the conduct of the audit or the content of the Audit Report. The company does not currently webcast the AGM as it does not consider this an effective way of reaching all our shareholders. We continue to monitor and assess changes in technology in this area.

PUBLISHING AND BROADCASTING LIMITED

DIRECTORS' STATUTORY REPORT

Directors

The directors of Publishing and Broadcasting Limited ("PBL") in office at the date of this Report are: James Douglas Packer
Peter Wilson Yates
John Henry Alexander
Rowen Bruce Craigie
Graham Allan Cubbin
Rowena Danziger

Ashok Peter Jacob
Laurence Macdonald Muir
Kerry Francis Bullmore Packer
Richard Wallace Turner
Robert Michael Whyte

DIRECTORS' PROFILES

The directors of the PBL in office during the financial year and until the date of this report are detailed below. Directors were in office for this entire period unless otherwise stated.

James D Packer, Executive Chairman (Age 36)

Mr Packer has been Executive Chairman of PBL since May 1998 and prior to that was the Chief Executive Officer from March 1996 to May 1998. Since 1988, Mr Packer has worked in various senior positions within the PBL Group.

He is a member of PBL's Investment Committee.

Mr Packer is the Joint Chief Executive Officer of Consolidated Press Holdings Limited, Chairman of Challenger Financial Services Group and a director of various companies including Foxtel, Hoyts Cinemas Limited, Regal Entertainment Group and Puma AG.

Peter W Yates BCom, MSc(Mgt), Managing Director & Chief Executive Officer (Age 43)

Mr Yates joined PBL in April 2001 as Chief Executive Officer and was appointed to its Board as Managing Director in June 2001. Prior to joining PBL, he was with Macquarie Bank. He is also a director of Crown Limited, Foxtel Management Pty Ltd, ninemsn and a member of the Board of the Royal Children's Hospital Foundation in Victoria and co-Chairman of the Financial Management Association of Australia.

Mr Yates is a member of PBL's Finance, Investment and Occupational Health & Safety Committees.

John H Alexander BA, Chief Executive Officer, PBL Media and Australian Consolidated Press (Age 52)

Mr Alexander joined ACP as Group Publisher in 1998 and was appointed Chief Executive Officer of PBL's Magazine Division in March 1999. In January 2002, he was appointed CEO of PBL Media, a role which straddles PBL's Television and Magazine Divisions. Prior to joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of *The Sydney Morning Herald*, and Editor-in-Chief of *The Australian Financial Review*.

Mr Alexander is a director of the Sydney Theatre Company Foundation Committee, a director of the Madeleine Foundation, a board member of The International Federation of the Periodical Press Limited and a council member of the Sydney Symphony Orchestra.

Rowen B Craigie BEc (Hon), Chief Executive Officer, Crown (Age 48)

Mr Craigie was appointed Chief Executive Officer of Crown in January 2002 and subsequently joined the PBL and Crown Boards. Mr Craigie was part of the original team which joined Crown Limited in 1993 and was appointed Crown's Executive General Manager, Gaming Machines in 1996, and Chief Operating Officer, Casino in 2000.

Prior to joining Crown, Mr Craigie was Group General Manager, Gaming at the TAB in Victoria and had held senior economic policy positions in Treasury and Department of Industry.

DIRECTORS' STATUTORY REPORT

Graham A Cubbin BEc (Hons), (Age 55)

Mr Cubbin joined the Consolidated Press Holdings Group in 1990 and has been Finance Director of that Group since 1991. Prior to that, he held senior finance positions with a number of leading companies in Australia including Capita Finance Group Ltd and Ford Motor Company. Mr Cubbin is a member of PBL's Finance, Audit and Occupational Health & Safety Committees.

Rowena Danziger BA, DipEd (Qld), MACE, (Age 65)

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. She has been the Headmistress at Ascham School in Sydney since 1973. She is currently a director of Opera Australia and a board member of Sydney Writers' Festival and Chairperson of The Foundation of the Art Gallery of NSW.

Mrs Danziger is Chairperson of the PBL Occupational Health & Safety Committee and a member of PBL's Finance and Audit Committees.

Ashok P Jacob MBA, (Age 42)

Mr Jacob was appointed to the Board in November 1998. Mr Jacob is currently the Joint Chief Executive Officer of Consolidated Press Holdings Limited. Mr Jacob is a director of Challenger Financial Services Group and Hoyts Cinemas Limited.

He is a member of PBL's Investment Committee.

Sir Laurence Muir VRD, LLB, FSIA, FAIM, (Age 78)

Sir Laurence was senior partner of Potter Partners before retiring after a 30-year career in the stockbroking industry.

Sir Laurence has also served on the boards of various companies including ANZ Banking Group Ltd, Australian Consolidated Press Ltd, Alcoa Australia Ltd, Templeton Global Growth Fund Ltd, Wormald International, National Commercial Union and *The Herald and Weekly Times*.

Sir Laurence is a member of PBL's Remuneration Committee.

Kerry F B Packer AC, (Age 65)

Mr Kerry Packer is a Director of PBL and Chairman of Consolidated Press Holdings (CPH), PBL's founding and largest shareholder. Mr Packer commenced his career with CPH immediately after completing his formal education, gaining experience across the full range of the company's publishing activities. He studied television in the United States following the commencement of transmission by TCN 9 in 1956. Mr Packer became Chairman of CPH in 1974, and was Chairman of PBL from 1990 to early 1993 and again from late 1994 to 1996.

Mr Packer is Chairman of PBL's Investment and Remuneration Committees.

Richard W Turner BEc, FCA, Non-Executive Director (Age 65)

Mr Turner was appointed to the Board in November 1998. Before his retirement in 1994, Mr Turner had been the Chief Executive Officer of Ernst & Young, having had a successful 36 year career as a professional accountant. Mr Turner is a Fellow of the Institute of Chartered Accountants in Australia. He is a director of The Smith Family, Bank of Western Australia Limited, James Fielding Holdings Limited, Pain Management Research Institute Limited and Chairman of Capital Finance Australia Limited.

Mr Turner is Chairman of PBL's Finance and Audit Committees.

Robert M Whyte BEc, (Age 59)

Mr Whyte is a private equity fund manager and has held a number of directorships, including Advance Bank Australia Limited, The Ten Group Limited and various Government authorities. He is currently Executive Chairman of the Audant Group of companies.

DIRECTORS' STATUTORY REPORT

Ian J Johnson resigned on 30 June 2003.

Interests in the Shares and Options of the Company and Related Bodies Corporate

Interests in equity instruments of entities in the consolidated entity held by directors of the reporting entity and their related bodies corporate at the date of this report are:

	PBL		Crown Limited
	Ordinary Shares	Ordinary Shares Issued under the ESP *	Unsecured Notes
Kerry FB Packer	247,572,325	-	-
Peter W Yates	180,929	1,923,077	-
John H Alexander	125,000	437,500	-
Rowen B Craigie	-	425,000	-
Graham A Cubbin	9,859	-	-
Rowena Danziger	18,876	-	-
Sir Laurence Muir	11,126	-	-
Richard W Turner	20,000	-	-
Robert M Whyte^	100,000	-	30,954

* PBL's Executive share plan

^ Mr Whyte has interests in exchange traded call options (expiry June 2004) over 200,000 PBL ordinary shares.

Principal Activities

The principal activities of the entities within the consolidated entity during the year were:

- Television broadcasting and program production
- Magazine publishing and distribution
- Gaming and entertainment
- Investments in the Internet, pay television, and other media and entertainment sectors

Trading Results

The consolidated net profit/(loss) of the consolidated entity for the financial year after income tax and outside equity interest was \$380,828,000 (2002 - \$268,211,000).

Dividends

The directors of PBL have declared a final fully franked dividend of 14 cents per ordinary share to holders registered as at 30 September 2003 ("Record Date").

Final dividends Declared:

- on ordinary shares

92,670

Dividends paid in the year:

Interim for the year

- on ordinary shares

72,678

Final dividends for 2001:

- on ordinary shares

72,736

Review of Operations

Shareholders are directed to the information contained in the Review of Operations in the PBL Concise Annual Report.

DIRECTORS' STATUTORY REPORT

Significant Changes in the State of Affairs

During the financial year:

- PBL acquired the remaining 50% interest in the *TV Week* joint venture for \$60 million.
- ecorp sold its 50% shareholding in eBay Australia and New Zealand Pty Ltd for US\$65 million (approximately A\$119 million) resulting in a pre-tax profit of \$112 million.
- \$94.7 million was returned to ecorp minority shareholders as part of the ecorp selective capital reduction.
- PBL's shareholding in Puma was sold for a gain of \$32 million.

Significant Events Subsequent to Balance Date

Since the end of the financial year, PBL has agreed to acquire 25% of SEEK, an unlisted on-line employment business for approximately \$33 million.

Likely Developments and Expected Results

Other than the developments described in this report and the accompanying review of operations, the directors are of the opinion that no other matter or circumstance will significantly affect the operations and expected results of the Group.

Share Options

PBL has not issued any options. All ecorp options issued under the ecorp Option Plan that were outstanding at the time of the ecorp selective capital reduction were cancelled in consideration for a payment to the option holders equal to the value of their options. The price paid for each option was determined by a sub-committee of the ecorp Board comprising Ashok P Jacob and Peter W Yates, neither of whom held ecorp options. The option-pricing model used was based on the Black Scholes Option pricing model.

Indemnification and Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors and officers of the parent entity and its controlled entities against costs incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of the Company. The insurance contract specifically prohibits disclosure of the nature of the insurance cover, the limit of the aggregate liability and the premiums paid.

Directors' and Senior Executive Officers' Emoluments

The Remuneration Committee of the Board of Directors, as detailed in the Corporate Governance Statement on page 7 is responsible for determining and reviewing compensation arrangements for the directors, the Chief Executive Officer and divisional Chief Executive Officers. PBL's remuneration policy is to ensure the remuneration package properly reflects the relevant person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest calibre.

Senior executives may be offered participation in the Executive Share Plan.

Details of the nature and amount of each element of emoluments for each director of the Company and each of the five senior executive officers of the Company and the consolidated entity receiving the highest emoluments for the financial year are shown as follows.

Directors' Emoluments

The emoluments disclosed below are in respect of directors who held office during the year ended 30 June 2003.

	Annual Emoluments			Long Term Emoluments		Total
	Directors' Fees/ Base Salary	Bonus	Other	Termination Payments	Super- annuation	
Executive Directors	\$	\$	\$	\$	\$	\$
J D Packer	-	-	-	-	-	-
P W Yates	2,624,999	500,000	632,316 [#]	-	10,519	3,767,834
J H Alexander	1,601,660 ^o	2,000,000	57,282	-	119,219	3,778,161 ^o
R B Craigie	841,197	400,000	9,549	-	10,519	1,261,265
I J Johnson	660,000	-	41,321	-	99,750	801,071

DIRECTORS' STATUTORY REPORT

Non-Executive Directors						
G A Cubbin	-	-	-	-	-	-
R Danziger	45,000	-	-	-	4,050	49,050
A P Jacob	-	-	-	-	-	-
L M Muir	45,000	-	-	-	-	45,000
K F B Packer	-	-	-	-	-	-
R W Turner	45,000	-	-	-	4,050	49,050
R M Whyte	45,000	-	-	-	4,050	49,050
Senior Executive Officers' Emoluments						
	Annual Emoluments			Long Term Emoluments		Total
	Base Salary	Bonus	Other	Termination Payments	Super-annuation	
	\$	\$	\$	\$	\$	
James McLachlan	776,114	468,783	64,091	-	151,710	1,460,698
Alison Deans	381,745	-	945,712*	-	34,357	1,361,814
Peter Meakin	1,040,384^	-	54,584	-	60,007	1,154,975
Graeme Yarwood	330,201^	-	18,794	731,305	39,750	1,120,050
Gary Burns	648,478^	-	14,774	410,597	18,839	1,092,688

This relates to an interest free housing loan made to Mr Yates as part of his service agreement with the company.

o A new service agreement was concluded between the company and Mr Alexander during this financial year. That agreement was effective from the time that Mr Alexander was appointed CEO of PBL Media in January 2002. As a result of that service agreement there is an amount of \$277,010 paid in the current financial year, but relates to the previous financial year.

^ These amounts include Annual Leave and Long Service Leave entitlements paid on cessation of employment.

* After ecorp Limited shareholders approved a selective capital reduction, this amount was paid in consideration for the cancellation of Ms Deans options in ecorp Limited.

The terms 'director' and 'officer' have been treated as mutually exclusive for the purpose of this disclosure. The elements of emoluments have been determined on the basis of the cost to the Company and the consolidated entity.

Directors' Meetings

Particulars of directors' meetings held during the year are contained in the Corporate Governance Statement on page 7.

Rounding

The amounts contained in the financial statements have been rounded off to the nearest thousand dollars under the option available to PBL under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Tax Consolidation

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

Signed in accordance with a resolution of the directors.



J.D. Packer
Director



P. W. Yates
Director

Sydney, 26th day of September, 2003

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PUBLISHING AND BROADCASTING LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying notes to the financial statements, and directors' declaration for Publishing and Broadcasting Limited (the Company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the Company and the entities it controlled during the year.

The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it 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.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards 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.

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

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit Opinion

In our opinion, the financial report of Publishing and Broadcasting Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Publishing and Broadcasting Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



B. J. Long
Partner

Sydney, 26th day of September, 2003

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Publishing and Broadcasting Limited, we state that:

- (1) In the opinion of the directors:
 - (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) In the opinion of the directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



J. D. Packer
Director



P. W. Yates
Director

Sydney, 26th day of September, 2003

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenues from ordinary activities	2	2,922,098	2,534,020	844,814	4,877,918
Expenses from ordinary activities	3	(2,265,007)	(2,073,127)	(8,057)	(2,405,728)
Borrowing costs	3	(158,979)	(129,897)	(302,949)	(137,947)
Share of net profits/(losses) of associate and joint venture entities	9	<u>2,091</u>	<u>(14,913)</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before income tax		500,203	316,083	533,808	2,334,243
Income tax (expense)/benefit on ordinary activities	5	<u>(85,802)</u>	<u>(47,469)</u>	<u>(99,954)</u>	<u>13,815</u>
Net profit		414,401	268,614	433,854	2,348,058
Net profit attributable to outside equity interests	19	<u>33,573</u>	<u>403</u>	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to members of PBL		<u>380,828</u>	<u>268,211</u>	<u>433,854</u>	<u>2,348,058</u>
Net exchange difference on translation of financial statements of foreign controlled entities		<u>(9,702)</u>	<u>1,459</u>	<u>-</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of PBL		<u>371,126</u>	<u>269,670</u>	<u>433,854</u>	<u>2,348,058</u>
		2003	2002		
Basic earnings per share (cents per share)*	27	57.55	40.55		
Diluted earnings per share (cents per share)*	27	57.55	40.55		
Franked dividends per share (cents per share)	4	25.00	21.00		

* Basic/diluted EPS in the current period is 50.15 cents excluding the effect of specific items – refer note 3 (c) (2002: 40.10)

**STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current Assets					
Cash assets	21(a)	837,300	446,420	1,846	1,193
Receivables	6	386,870	309,514	11,424	4,811
Inventories	7	148,770	157,130	-	-
Current tax assets	5	-	24,830	6,808	25
Other	8	49,942	67,430	-	-
Total Current Assets		<u>1,422,882</u>	<u>1,005,324</u>	<u>20,078</u>	<u>6,029</u>
Non-Current Assets					
Receivables	6	158,797	186,900	7,166,452	7,353,581
Inventories	7	25,249	11,876	-	-
Investments accounted for using the equity method	9	280,519	255,425	-	-
Other financial assets	10	264,868	361,309	3,009,358	4,040,785
Property, plant and equipment	11	1,442,352	1,430,813	-	-
Licences and mastheads	12	2,926,150	2,801,788	-	-
Intangible assets	13	294,695	301,681	-	-
Deferred tax assets	5	137,596	78,807	159,989	19,569
Other	8	85,326	88,952	-	-
Total Non-Current Assets		<u>5,615,552</u>	<u>5,517,551</u>	<u>10,335,799</u>	<u>11,413,935</u>
Total Assets		<u>7,038,434</u>	<u>6,522,875</u>	<u>10,355,877</u>	<u>11,419,964</u>
Current Liabilities					
Payables	14	538,586	431,686	2,391	71,900
Interest-bearing liabilities	15	7,478	7,472	-	-
Current tax liabilities	5	19,637	-	-	-
Provisions	16	69,350	142,169	28	72,795
Total Current Liabilities		<u>635,051</u>	<u>581,327</u>	<u>2,419</u>	<u>144,695</u>
Non-Current Liabilities					
Payables	14	76,753	67,645	-	-
Interest-bearing liabilities	15	2,375,619	2,195,314	4,250,905	5,696,425
Deferred tax liabilities	5	179,158	135,829	162,395	1,612
Provisions	16	30,004	32,588	10,865	10,865
Total Non-Current Liabilities		<u>2,661,534</u>	<u>2,431,376</u>	<u>4,424,165</u>	<u>5,708,902</u>
Total Liabilities		<u>3,296,585</u>	<u>3,012,703</u>	<u>4,426,584</u>	<u>5,853,597</u>
Net Assets		<u>3,741,849</u>	<u>3,510,172</u>	<u>5,929,293</u>	<u>5,566,367</u>
Equity					
Parent entity interest					
Contributed equity	17	2,182,838	2,274,895	2,182,833	2,181,089
Reserves	18	439,112	449,833	-	-
Retained profits	18	1,117,055	740,856	3,746,460	3,385,278
Total parent entity interest in equity		3,739,005	3,465,584	5,929,293	5,566,367
Total outside equity interest	19	2,844	44,588	-	-
Total Equity		<u>3,741,849</u>	<u>3,510,172</u>	<u>5,929,293</u>	<u>5,566,367</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash Flows From Operating Activities					
Receipts from customers		2,871,589	2,523,060	-	-
Payments to suppliers and employees		(2,051,084)	(1,835,528)	(67)	(23)
Dividends received		2,482	714	-	-
Interest received		40,034	22,311	2,398	2,494
Borrowing costs		(153,601)	(126,462)	(20,658)	(19,628)
Income tax paid		(52,142)	(71,418)	-	-
Gaming tax paid		(162,728)	(173,164)	-	-
Net Cash Flows From Operating Activities	21	494,550	339,513	(18,327)	(17,157)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment		(129,037)	(104,126)	-	-
Proceeds from sale of property, plant and equipment		1,322	965	-	-
Purchase of equity investments		(52,904)	(68,095)	(5,325)	(225)
Net proceeds from sale of equity investments		192,405	19,525	-	-
Acquisition of film & television investments		(16,976)	(11,597)	-	-
Recovery from film & television investments		9,604	977	-	-
Loans repaid by associated entities		16,000	19,840	-	-
Purchase of mastheads		(64,362)	(34,805)	-	-
Payment for closure of Indian operations		-	(34,997)	-	(34,997)
Other (net)		970	-	-	-
Net Cash Flows From Investing Activities		(42,978)	(212,313)	(5,325)	(35,222)
Cash Flows From Financing Activities					
Payments for share buy-back – PBL		-	(23,721)	-	(23,721)
Payments for share buy-back – ecorp		(94,968)	-	-	-
Proceeds from borrowings		766,122	1,158,271	169,889	208,375
Repayment of borrowings		(584,137)	(1,147,204)	-	-
Dividends paid		(146,119)	(132,842)	(145,584)	(132,302)
Dividends/distributions paid to outside equity interests		(1,860)	(8,408)	-	-
Net Cash Flows From Financing Activities		(60,962)	(153,904)	24,305	52,352
Net Increase/(Decrease) In Cash Held		390,880	(26,704)	653	(27)
Add opening cash brought forward		446,420	473,560	1,193	1,220
Effects of exchange rate changes on cash		-	(436)	-	-
Closing Cash Carried Forward	21	837,300	446,420	1,846	1,193

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year except for the following:

PBL has adopted AABS 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time. As such, a provision for dividends is now only recognised once it has been publicly declared. The effect of the new policy is to increase consolidated opening retained earnings by \$74.4 million (the majority of which relates to the 2002 final dividend) and Company opening retained earnings by \$72.7 million.

PBL has previously capitalised the costs of establishing financing facilities and amortised these costs over the term of the facility. This accounting policy has changed in the current reporting period with these costs being written off as incurred to provide a more appropriate reflection of the operating performance going forward. The costs written off as a specific item in the current period as a result of this voluntary change in accounting policy totalled \$32.6 million. The amount that would have been amortised in the year to 30 June 2003 had the accounting policy not changed is \$8.5 million.

The consolidated entity has adopted revised Accounting Standard AASB 1012 "Foreign Currency Translation" applicable to annual reporting periods beginning on or after 1 January 2002. In accordance with the revised Standard, PBL has for the first time recognised foreign currency contracts that are hedges on the Statement of Financial Position. Previously, foreign currency contracts that qualified for hedge accounting were not recognised in the Statement of Financial Position. As at 30 June 2003, this has resulted in an increase of \$45.7 million in current liabilities and an increase of \$45.7 million in current assets.

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

c) Principles of Consolidation

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

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

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

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

d) Foreign Currencies

Transactions in foreign currencies of entities within the consolidated entity are converted to the local currency at the rate of exchange ruling at the date of the transaction. Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year. Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transactions arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the net profit.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign Currencies (continued)

Exchange differences relating to foreign currency monetary items forming part of the net investment in a self-sustaining foreign operation, together with hedges of such monetary items and related tax effects, are eliminated against the foreign currency translation reserve on incorporation of the foreign operation's financial report into the financial report of the consolidated entity.

Assets and liabilities of self-sustaining overseas controlled entities and branches are translated using the current rate method and any exchange variance is taken directly to a foreign currency translation reserve.

e) Taxes

Income Taxes

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised. In the determination of income tax payable, the provisions of group tax relief have been applied.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

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

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

f) Cash and Cash Equivalents

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

Bills of exchange, promissory notes and treasury notes are measured at the lower of cost and net realisable value.

Debentures are carried at cost. Interest is recognised on an effective yield basis.

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

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

g) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from associates and other related parties are carried at the nominal amount due. Interest, when charged, is taken up as income on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Inventories and Program Rights

Inventories

Inventories are valued at the lower of cost and net realisable value. Finished goods for magazine inventory include the cost of direct editorial and production costs and a portion of overheads. Gaming inventories which include food, beverages and general stores are costed on a weighted average basis. Ticketing stock is amortised at a pre-determined rate per ticket sold.

Program Rights

Television programs which are available for use, including those acquired overseas, are recorded at cost less amounts charged to the profit and loss account based on management's assessment of the future period of benefit, which is regularly reviewed with additional write downs made as considered necessary.

i) Investments

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. All other non-current investments are carried at the lower of cost and recoverable amount. Where, in the opinion of the directors, investments are carried at an amount above their recoverable amount or there has been a permanent decrease in the recoverable amount of investments, a provision for diminution in value has been made.

Film and television investments are regularly reviewed to ensure they are not carried at a value above their recoverable amount. Where carrying values exceed this recoverable amount, investments are written down.

j) Property, Plant and Equipment

Cost and Valuation

Property, plant and equipment are measured at cost. Where necessary, the asset is written down to its recoverable amount. Valuations on property are performed at least every three years.

Depreciation and Amortisation

Property, plant and equipment other than freehold land are depreciated using the straight line method. Major depreciation periods are:

	2003	2002
Freehold buildings	40 to 75 years	40 to 75 years
Leasehold improvements	lease term	lease term
Plant and equipment	2 to 15 years	2 to 15 years

k) Leases

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

Assets acquired under finance leases are included as property, plant and equipment in the balance sheet. Finance leases effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the group. Where assets are acquired by means of finance leases, the present value of the minimum lease payments is recognised as an asset at the beginning of the lease term and amortised on a straight line basis over the shorter of the expected useful life of the leased asset and the lease term. A corresponding liability is also established and each lease payment is allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly in net profit.

Other leases under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis.

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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Licences and Mastheads

Licences and mastheads are carried at cost.

Television licences are renewable every five years under the provisions of the Broadcasting Services Act 1992. Whilst certain of the television licences continue to be subject to Government legislation and regulation by the Australian Broadcasting Authority, the directors have no reason to believe the licences will not be renewed. The directors applied an earnings based approach to revalue PBL's television licences in 1997. While the directors believe this approach provides a more appropriate carrying value, it does not fully reflect the values being assigned in today's market. PBL's policy is to regularly review the value of television licences and write down the value to a recoverable amount when required.

The directors regularly assess the carrying value of mastheads so as to ensure they are not carried at a value greater than their recoverable amount.

No amortisation is provided against these assets as the directors believe that the life of the licences and mastheads to the consolidated entity is of such duration, and the residual value at the end of that life would be such that the amortisation charge, if any, would not be material.

The casino licence premium is carried at cost of acquisition. It is being amortised on a straight-line basis over the remaining life of the licence at the time PBL acquired Crown Ltd, being 34 years.

m) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received. This period is currently 20 years.

Management Agreement

The management agreement has been brought to account at the cost of acquisition and is being amortised over the remaining term of the management agreement licence at the time PBL acquired Crown Ltd, being 34 years.

Venue Ticketing Rights

Venue ticketing rights are carried at cost and are amortised over the life of the contracts.

n) Prepayments

Prepayments are brought to account at cost and expensed over the remaining period to which the expense relates.

o) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

p) Interest-Bearing Liabilities

The bank facilities, senior guaranteed debt, medium term notes and subordinated debt are carried at the principal amount.

Unsecured notes are recognised at their market value.

Bills of exchange are carried at the principal amount plus deferred interest.

Other loans are carried at the principal amount.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Employee Benefits

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

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits are measured at the present value of the estimated future outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit expenses arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
 - other types of employee benefits;
- are charged against profits on a net basis in their respective categories.

The value of the Executive Share Plan described in note 23 is not being charged as an employee entitlement expense because there is no cost to the Company.

In respect of the consolidated entity's defined benefits superannuation plans, any contributions made to the superannuation funds by entities within the consolidated entity are charged against profits when due.

r) Provisions

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

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

s) Contributed Equity

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

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

t) Recoverable Amount

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

u) Revenue Recognition

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

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

Control of the right to be compensated for the services and the stage of completion can be reliably measured.

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Derivative Financial Instruments

The consolidated entity enters into forward exchange contracts where it agrees to buy specific amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match contracts with anticipated foreign currency payments to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. Forward exchange contracts are recognised at the date the contract is entered into. Exchange gains or losses on forward exchange contracts are recognised in net profit except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale or purchase.

The Company enters into interest rate swap agreements that are used to convert the variable interest rate of its borrowings to fixed interest rates in order to reduce the risk of rising interest rates. It is the Company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenues from operating activities				
• Revenue from services	2,184,532	2,027,278	-	-
• Revenue from sale of goods	492,239	445,454	-	-
Total revenues from operating activities	2,676,771	2,472,732	-	-
Revenues from non-operating activities				
Interest received				
• Controlled entities	-	-	587,577	139,927
• Other	46,647	27,664	2,349	2,569
	46,647	27,664	589,926	142,496
Proceeds from sale of non-current assets	192,405	30,110	246,000	4,592,895
Dividends received	578	714	-	132,577
Other operating revenue	5,697	2,800	8,888	9,950
Total revenues from non-operating activities	245,327	61,288	844,814	4,877,918
Total revenues from ordinary activities	2,922,098	2,534,020	844,814	4,877,918

3. EXPENSES AND LOSSES/(GAINS)

(a) Expenses from ordinary activities

Cost of goods sold	448,511	428,991	-	-
Television activities	576,552	555,201	-	-
Publishing activities	118,614	98,313	-	-
Gaming activities	857,391	874,151	-	-
Online gaming activities	15,774	11,421	-	-
ecorp activities	67,600	51,766	-	-
Other ordinary activities	37,134	24,071	67	22
	2,121,576	2,043,914	67	22
Depreciation of non-current assets				
• Buildings	24,938	25,874	-	-
• Plant and equipment	71,281	70,062	-	-
Total depreciation of non-current assets	96,219	95,936	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3. EXPENSES AND LOSSES/(GAINS) (continued)				
Amortisation of non-current assets				
• Goodwill	2,893	3,133	-	-
• Licence fee and management agreement	15,652	15,652	-	-
• Ticketing rights	3,061	2,361	-	-
• Plant and equipment under finance lease	3,271	3,928	-	-
• Leasehold property	1,405	1,174	-	-
• Other assets	3,538	2,769	-	-
Total amortisation of non-current assets	29,820	29,017	-	-
Total depreciation and amortisation expense*	126,039	124,953	-	-
Borrowing costs expensed				
• Debt facilities	158,026	128,584	20,658	19,628
• Controlled entities	-	-	282,291	118,319
• Finance leases	953	1,313	-	-
Total borrowing costs expensed	158,979	129,897	302,949	137,947
Bad and doubtful debts – trade debtors*	18,482	16,507	-	-
Rentals – operating leases*	38,535	33,628	-	-

* Included in expenses from ordinary activities of \$2,121,576 (2002: \$2,073,059)

(b) Losses/(Gains)

Net (profit)/loss on disposal of property, plant and equipment	88	58	-	-
Net foreign currency (gains)/losses	647	(1,013)	(80,510)	(21,997)

(c) Specific Items

(Profit)/loss from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

• Net (profit) on disposal of investments	(146,721) ^o	(10,317) ^o	(206,000)*	(2,530,285)*
• Provision for diminution of listed investments	15,915	-	13,300	-
• Deferred online gaming costs expensed	12,094	-	-	-
• Provision for diminution of unlisted investments	4,950	-	-	-
• Restructuring costs	18,700	1,600	-	1,179
• Deferred financing costs expensed	32,629	-	-	-
• Program costs written down	13,461	-	-	-
• Reversal of provision for diminution of unlisted investments	-	(34,000)	-	-
• Development costs expensed	-	34,281	-	-
• Legal settlements	-	8,504	-	-
• Non-recoverable loans written off	-	-	-	52,287
• Provision for non-recoverable loans	-	-	-	311,627
Total specific items from ordinary activities[^]	(48,972)	68	(192,700)	(2,165,192)

^o This specific item comprises proceeds of \$192,403 and cost of assets sold of \$45,682 (2002: \$29,145 and cost of assets sold of \$18,828).

* This specific item comprises proceeds of \$246,000 and cost of assets sold of \$40,000 (2002: \$4,592,895 and cost of assets sold of \$2,062,610).

[^] Total expense included in specific items is \$143,431 (2002: \$29,213) for the consolidated entity and \$53,300 (2002: \$2,427,703) for the parent entity.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
4. DIVIDENDS PROVIDED FOR OR PAID				
<u>Dividends proposed and recognised as a liability</u>				
• Franked dividends (2002: 11c)	-	<u>72,743</u>	-	<u>72,743</u>
<u>Dividends paid during the year</u>				
Current year interim (paid 15 April 2003)				
• Franked dividends (11c per share) (2001: 10c)	<u>72,679</u>	<u>66,130</u>	<u>72,679</u>	<u>66,130</u>
Previous year final (paid 15 November 2002)				
• Franked dividends (11c per share) (2001: 10c)	<u>72,736</u>	<u>66,194</u>	<u>72,736</u>	<u>66,194</u>
<u>Dividends proposed and not recognised as a liability</u> (expected to be paid 15 October 2003)				
• Franked dividends (14c per share) (2002: Nil)	<u>92,670</u>	-	<u>92,670</u>	-
<u>Franking credit balance</u>				
The tax rate at which the final dividend will be franked is 30% (2002 - 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2003.				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance at the end of the financial year at 30% (2002: 30%)	35,426	60,051	35,049	264
Franking credits/(debits) that will arise from the payment/(refund) of income taxes payable/(receivable) at the end of the financial year	19,637	(24,830)	(6,808)	(25)
Franking debits that will arise from the payment of dividends at the end of the financial year	<u>(39,716)</u>	<u>(31,175)</u>	<u>(39,716)</u>	<u>(31,176)</u>
	<u>15,347</u>	<u>4,046</u>	<u>(11,475)</u>	<u>(30,937)</u>
5. INCOME TAX				
The prima facie tax, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows:				
Profit from ordinary activities before income tax	<u>500,203</u>	<u>316,083</u>	<u>533,808</u>	<u>2,334,243</u>
Prima facie tax on the operating profit @ 30% (2002 - 30%)	150,061	94,825	160,142	700,273
Tax effect of permanent differences:				
Rebatable dividends	-	(604)	-	(39,773)
Non deductible depreciation and amortisation	9,643	9,778	-	-
Increase/(decrease) in provision for diminution of investments	6,259	(10,200)	3,990	-
Net capital (gain)	(38,393)	(3,095)	(61,800)	(759,086)
(Decrease) in provision for Indian operations	-	-	-	(6,505)
Share of associates' net (profits)/losses	(627)	4,474	-	-
Provision for non-recoverable loans	-	-	-	93,488
Tax losses previously not recognised now brought to account	(8,314)	(50,959)	-	-
Difference in tax and accounting asset base	(36,300)	-	-	-
Other items - net	965	3,560	(2,673)	(2,212)
Income tax (over)/under provided in prior years	<u>2,508</u>	<u>(310)</u>	<u>295</u>	<u>-</u>
Income tax expense/(benefit) attributable to ordinary activities	<u>85,802</u>	<u>47,469</u>	<u>99,954</u>	<u>(13,815)</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
5. INCOME TAX (continued)				
Deferred Tax Assets and Liabilities				
Current tax receivable	-	24,830	6,808	25
Current tax payable	19,637	-	-	-
Provision for deferred income tax – non-current	179,158	135,829	162,395	1,612
Future income tax benefit – non-current	137,596	78,807	159,989	19,569

Income Tax Losses

Potential future income tax benefits attributable to tax losses carried forward by controlled entities amounting to \$3.9 million (2002 - \$7.2 million) and capital losses of approximately \$110 million (2002 - approximately \$33 million) have not been brought to account in the consolidated accounts at 30 June 2003 because the directors do not believe realisation of the future income tax benefit is virtually certain.

These benefits will only be obtained if:

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

Tax Consolidations

Legislation to allow groups, comprising a parent entity and its wholly owned Australian resident entities, to consolidate and be treated as a single entity for Australian income tax purposes was substantially enacted on 21 October 2002. The legislation includes both mandatory requirements, which are applicable to all entities, and the tax consolidation systems provisions, which entities can elect to adopt.

PBL and its wholly owned Australian resident subsidiaries intend to elect to form a tax consolidated group with effect from 1 July 2002. However, PBL has not yet formally notified the Australian Taxation Office of this intention to form a consolidated group. The head company of the consolidated group will be PBL.

Members of the group have entered into a tax sharing arrangement with PBL in order to allocate income tax expense between PBL and the members of the group on a notional tax liability basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
6. RECEIVABLES				
Current				
Trade debtors	388,479	338,436	-	-
Provision for doubtful debts	(70,835)	(55,462)	-	-
	317,644	282,974	-	-
Loans to associated entities	719	3,252	-	-
Loans to directors	2,780	249	2,780	249
Hedge receivable	45,677	-	-	-
Other debtors	20,440	26,608	8,644	7,741
Provision for doubtful debts	(390)	(3,569)	-	(3,179)
	20,050	23,039	8,644	4,562
	386,870	309,514	11,424	4,811

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
6. RECEIVABLES (continued)				
Non Current				
Loans to associated entities	18,208	47,907	-	-
Provision for doubtful debts	<u>-</u>	<u>(13,126)</u>	<u>-</u>	<u>-</u>
	18,208	34,781	-	-
Loans to directors	33,443	41,412	33,443	41,412
Loans to controlled entities	-	-	7,041,022	7,216,766
Other debtors	107,146	121,320	91,987	95,403
Provision for doubtful debts	<u>-</u>	<u>(10,613)</u>	<u>-</u>	<u>-</u>
	107,146	<u>110,707</u>	91,987	<u>95,403</u>
	158,797	<u>186,900</u>	7,166,452	<u>7,353,581</u>
7. INVENTORIES AND PROGRAM RIGHTS				
Current				
Program rights	103,256	104,259	-	-
Raw materials	13,987	18,319	-	-
Finished goods	13,538	15,401	-	-
Work in progress	<u>17,989</u>	<u>19,151</u>	<u>-</u>	<u>-</u>
	148,770	<u>157,130</u>	<u>-</u>	<u>-</u>
Non Current				
Program rights	<u>25,249</u>	<u>11,876</u>	<u>-</u>	<u>-</u>
Total inventories and program rights	174,019	<u>169,006</u>	<u>-</u>	<u>-</u>
8. OTHER ASSETS				
Current				
Prepayments	48,124	65,073	-	-
Other	<u>1,818</u>	<u>2,357</u>	<u>-</u>	<u>-</u>
	49,942	<u>67,430</u>	<u>-</u>	<u>-</u>
Non Current				
Prepaid casino tax, at cost	100,800	100,800	-	-
Accumulated amortisation	<u>(16,020)</u>	<u>(13,285)</u>	<u>-</u>	<u>-</u>
	84,780	87,515	-	-
Development costs	8	782	-	-
Other	<u>538</u>	<u>655</u>	<u>-</u>	<u>-</u>
	85,326	<u>88,952</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non Current

Investments at equity accounted amount:

Associated entities – Unlisted shares	274,767	255,425	-	-
Associated entities – Listed shares	5,752	-	-	-
Total investments in associates	280,519	255,425	-	-

Investments in associates	Balance Date	Principal Activity	% Interest	
			2003	2002
Sky Cable Pty Ltd	30 June	Investment in Pay TV	50.0	50.0
Fox Sports	30 June	Pay TV sport service	50.0	50.0
AFIC (formerly Wizard Mortgage Corporation)	30 June	Mortgage originator	25.0	29.4
ninemsn Pty Ltd	30 June	Provider of online content and services	50.0	38.1
TX Australia Pty Ltd	30 June	Television transmission	33.3	33.3
Australian News Channel Pty Ltd	30 June	Pay TV news service	33.3	33.3
Television and Media Services Ltd	30 June	Broadcast Services / Facilities	24.1	9.5
eBay A&NZ Pty Ltd	30 June	Online person to person trading	-	38.1
Ticketek Hong Kong Ltd	30 June	Ticketing services	-	38.1

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

Share of associates' profits (losses)

Share of associates':

• Operating profit/(loss) before income tax	3,589	(14,913)	-	-
• Income tax expense	(1,498)	-	-	-

Share of associates' net profit/(loss) after income tax	2,091	(14,913)	-	-
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Carrying amount of investments in associates

Balance at the beginning of the financial year	255,425	234,402	-	-
• Carrying amount of investments in associates acquired during the year	32,395	43,005	-	-
• Transfer from other financial assets	13,727	-	-	-
• Share of associates' net profit (losses) for the year	2,091	(14,913)	-	-
• Writedown of investments	(16,328)	-	-	-
• Carrying amount of investments in associates disposed of during the year	(6,791)	(7,069)	-	-
Carrying amount of investment in associates at the end of the financial year	280,519	255,425	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)				
Represented by:				
Investments at equity accounted amount:				
• Sky Cable Pty Ltd	176,259	167,718	-	-
• Fox Sports	64,152	48,105	-	-
• Wizard Mortgage Corporation Ltd	26,617	22,052	-	-
• ninemsn Pty Ltd	2,524	6,190	-	-
• eBay A&NZ Pty Ltd	-	6,047	-	-
• Television and Media Services Ltd	5,752	-	-	-
• Other non-material entities	<u>5,215</u>	<u>5,313</u>	-	-
	<u>280,519</u>	<u>255,425</u>	-	-
The consolidated entity's share of the assets and liabilities of associates in aggregate				
Current assets	41,012	35,424		
Non-current assets	385,502	308,627		
Current liabilities	(23,432)	(23,721)		
Non-current liabilities	<u>(295,486)</u>	<u>(251,690)</u>		
Net assets	<u>107,596</u>	<u>68,640</u>		
Retained profits/(accumulated losses) of the consolidated entity attributable to associates				
Balance at the beginning of the financial year	(36,452)	(53,643)		
Share of associates' net profits/(losses)	2,091	(14,913)		
Disposal of associated entities	<u>2,541</u>	<u>32,104</u>		
Balance at the end of the financial year	<u>(31,820)</u>	<u>(36,452)</u>		
Amount of reserves of the consolidated entity attributable to associates				
Balance at the beginning of the financial year	1,018	1,074		
Share of associates' reserves	-	(56)		
Cancellation of ecorp options – refer note 23	<u>(1,018)</u>	-		
Balance at the end of the financial year	<u>-</u>	<u>1,018</u>		
10. OTHER FINANCIAL ASSETS				
Non current				
<i>Investments at cost comprise:</i>				
Shares:				
Listed	30,330	84,350	5,752	27,727
Provision for diminution on listed shares	(14,715)	(23,400)	-	(14,000)
Unlisted	254,353	315,118	-	-
Provision for diminution on unlisted shares	<u>(17,342)</u>	<u>(28,397)</u>	-	-
	252,626	347,671	5,752	13,727
Controlled entities:				
Listed	-	-	-	40,000
Unlisted shares	-	-	3,003,606	3,987,058
Other investments	<u>12,242</u>	<u>13,638</u>	-	-
Total investments	<u>264,868</u>	<u>361,309</u>	<u>3,009,358</u>	<u>4,040,785</u>
Listed securities market value:				
The aggregate market value of other financial assets listed on a prescribed stock exchange at balance date:				
	<u>44,472</u>	<u>81,785</u>	<u>4,834</u>	<u>183,415</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

10. OTHER FINANCIAL ASSETS (continued)

Details of investments other than associates or controlled entities, where PBL's interest is considered to be material:

	Principal Activity	% Interest		Carrying Value	
		2003	2002	2003	2002
Monarchy Enterprises Holdings BV*	Film Production	25.4	20.7	201,187	187,299

* While the interest in this entity is in excess of 20%, the economic entity does not have the capacity to exert significant influence over the investee.

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
11. PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
• At cost	264,132	262,307	-	-
• Accumulated depreciation	(16,592)	(12,901)	-	-
	<u>247,540</u>	<u>249,406</u>	<u>-</u>	<u>-</u>
Buildings on leasehold land				
• At cost	910,140	905,407	-	-
• Accumulated amortisation	(202,740)	(183,384)	-	-
	<u>707,400</u>	<u>722,023</u>	<u>-</u>	<u>-</u>
Total land and buildings	<u>954,940</u>	<u>971,429</u>	<u>-</u>	<u>-</u>
Leasehold improvements				
• At cost	17,064	14,179	-	-
• Accumulated amortisation	(5,328)	(3,856)	-	-
	<u>11,736</u>	<u>10,323</u>	<u>-</u>	<u>-</u>
Plant and equipment				
• At cost	986,002	982,955	-	-
• Accumulated depreciation	(630,831)	(579,049)	-	-
	<u>355,171</u>	<u>403,906</u>	<u>-</u>	<u>-</u>
Construction works in progress				
• At cost	105,469	26,781	-	-
	<u>105,469</u>	<u>26,781</u>	<u>-</u>	<u>-</u>
Plant and equipment under finance lease				
• At cost	33,943	34,265	-	-
• Accumulated amortisation	(18,907)	(15,891)	-	-
	<u>15,036</u>	<u>18,374</u>	<u>-</u>	<u>-</u>
Total written down value	<u>1,442,352</u>	<u>1,430,813</u>	<u>-</u>	<u>-</u>

Freehold land and buildings at the head office and Nine Network were valued at 30 June 2002 by R Horton FAPI, FRICS, J Downs AAPI, G Pyman AAPI, P Doyle FAPI, FREI, REIV(Aust) and M Klenke AAPI of International Valuation Consultants. The properties valued had a carrying value of \$94,879,528 and the independent valuations totalled \$109,082,000.

In June 2002, freehold land and buildings at Crown with a carrying value of \$176,732,391 (which included \$19,889,268 fixtures and fittings that form part of the buildings under valuation) were independently valued by M J Cations FAPI of Property Dynamics Independent Property Advisers Pty Ltd. The independent valuation of these properties was \$219,080,000.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
11. PROPERTY, PLANT AND EQUIPMENT (continued)				
Reconciliations				
Freehold land and buildings				
Carrying amount at beginning	249,406	248,117	-	-
Additions	1,822	4,041	-	-
Depreciation expense	<u>(3,688)</u>	<u>(2,752)</u>	-	-
	247,540	249,406	-	-
Buildings on leasehold land				
Carrying amount at beginning	722,023	742,299	-	-
Additions	6,627	2,846	-	-
Depreciation expense	<u>(21,250)</u>	<u>(23,122)</u>	-	-
	707,400	722,023	-	-
Leasehold improvements				
Carrying amount at beginning	10,323	6,924	-	-
Additions	2,818	4,574	-	-
Disposals	-	(1)	-	-
Amortisation expense	<u>(1,405)</u>	<u>(1,174)</u>	-	-
	11,736	10,323	-	-
Plant & equipment				
Carrying amount at beginning	403,906	395,360	-	-
Additions	35,599	83,699	-	-
Disposals	(13,582)	(7,117)	-	-
Depreciation expense	(71,281)	(70,062)	-	-
Transfer from leased assets	58	2,026	-	-
Transfer from construction work in progress	<u>471</u>	-	-	-
	355,171	403,906	-	-
Construction work in progress				
Carrying amount at beginning	26,781	5,166	-	-
Additions	79,159	21,615	-	-
Transfer to plant & equipment	<u>(471)</u>	-	-	-
	105,469	26,781	-	-
Leased plant & equipment				
Carrying amount at beginning	18,374	24,038	-	-
Additions	65	304	-	-
Disposals	(74)	(14)	-	-
Depreciation expense	(3,271)	(3,928)	-	-
Transferred to owned plant & equipment	<u>(58)</u>	<u>(2,026)</u>	-	-
	15,036	18,374	-	-
12. LICENCES AND MASTHEADS				
Television licences				
• At cost	1,317,955	1,317,955	-	-
Casino licence				
• At cost	321,094	304,730	-	-
• Accumulated amortisation	<u>(34,826)</u>	<u>(26,119)</u>	-	-
	286,268	278,611	-	-
Magazine mastheads				
• At cost	1,321,927	1,205,222	-	-
	2,926,150	2,801,788	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
13. INTANGIBLES				
Goodwill at cost	86,312	80,393	-	-
Accumulated amortisation	(11,702)	(8,819)	-	-
	74,610	71,574	-	-
Casino management agreement at cost	239,031	239,031	-	-
Accumulated amortisation	(27,802)	(20,857)	-	-
	211,229	218,174	-	-
Venue ticketing rights at cost	18,742	19,742	-	-
Accumulated amortisation	(9,886)	(7,809)	-	-
	8,856	11,933	-	-
	294,695	301,681	-	-
14. PAYABLES				
Current – unsecured				
Trade and other creditors	459,382	403,309	2,391	71,900
Hedge payable	45,677	-	-	-
Program contract creditors	33,527	28,377	-	-
	538,586	431,686	2,391	71,900
Non Current – unsecured				
Program contract creditors	59,445	57,810	-	-
Other	17,308	9,835	-	-
	76,753	67,645	-	-
15. INTEREST-BEARING LIABILITIES				
Current – secured				
Lease liabilities – note 20	4,464	4,566	-	-
Hire purchase liabilities	398	308	-	-
	4,862	4,874	-	-
Current - unsecured				
Bank facilities	2,616	2,598	-	-
	7,478	7,472	-	-
Non Current – secured				
Lease liabilities – note 20	8,770	13,235	-	-
Hire purchase liabilities	211	872	-	-
	8,981	14,107	-	-
Non Current – unsecured (refer note 21)				
Bank facilities	218,368	410,200	-	-
Other senior debt	1,693,912	1,471,007	-	-
Subordinated debt	300,000	300,000	300,000	300,000
Cross currency swap payable	154,358	-	-	-
Loans from controlled entities	-	-	3,950,905	5,396,425
	2,366,638	2,181,207	4,250,905	5,696,425
	2,375,619	2,195,314	4,250,905	5,696,425

The lease and hire purchase liabilities are secured by a charge over the assets.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
16. PROVISIONS				
Current				
Dividends on ordinary shares	-	73,278	-	72,743
Employee entitlements	50,068	45,995	-	-
Other	19,282	22,896	28	52
	<u>69,350</u>	<u>142,169</u>	<u>28</u>	<u>72,795</u>
Non current				
Employee entitlements	23,237	22,606	-	-
Other	6,767	9,982	10,865	10,865
	<u>30,004</u>	<u>32,588</u>	<u>10,865</u>	<u>10,865</u>
Employee entitlements				
The aggregate employee entitlement liability comprises:				
• Provisions - current	50,068	45,995	-	-
• Provisions - non current	23,237	22,606	-	-
	<u>73,305</u>	<u>68,601</u>	<u>-</u>	<u>-</u>

17. CONTRIBUTED EQUITY

Issued share capital				
• 661,925,000 ordinary shares fully paid (2002 – 661,725,000)	2,182,838	2,274,895	2,182,833	2,181,089
<i>Movements in issued share capital</i>				
Balance 1 July	2,274,895	2,283,158	2,181,089	2,179,592
• 200,000 (2002 – 2,485,577) ordinary shares were issued pursuant to the Executive Share Plan at various prices – refer note 23	1,744	25,219	1,744	25,219
• On-market buy-back of nil shares (2002 – 2,750,578)	-	(23,722)	-	(23,722)
• Parent's share of subsidiary's share capital*	(93,801)	(9,760)	-	-
Balance 30 June	2,182,838	2,274,895	2,182,833	2,181,089

* Consolidated contributed equity included the parent entity's share of the proceeds on shares issued by ecorp to outside equity interests under the ecorp IPO in 1999. The remaining balance of this amount has been deducted from contributed equity in the current year as a result of the buy-back of ecorp outside equity interests resulting from the ecorp selective capital reduction.

Terms and Conditions of Contributed Equity

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

The voting rights attaching to the shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- on a show of hands, one vote only;
- on a poll, one vote for every fully paid ordinary share held.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
18. RESERVES AND RETAINED PROFITS				
Foreign currency translation reserve	1,264	10,967	-	-
Asset revaluation reserve	437,443	437,443	-	-
Capital reserve	-	1,018	-	-
Capital profits reserve	405	405	-	-
	<u>439,112</u>	<u>449,833</u>	<u>-</u>	<u>-</u>
Retained profits	<u>1,117,055</u>	<u>740,856</u>	<u>3,746,460</u>	<u>3,385,278</u>
FOREIGN CURRENCY TRANSLATION RESERVE				
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations				
Balance 1 July	10,967	9,508	-	-
Net exchange difference on translation of overseas controlled entities	<u>(9,703)</u>	<u>1,459</u>	<u>-</u>	<u>-</u>
Balance 30 June	<u>1,264</u>	<u>10,967</u>	<u>-</u>	<u>-</u>
ASSET REVALUATION RESERVE				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.				
Balance 1 July	<u>437,443</u>	<u>437,443</u>	<u>-</u>	<u>-</u>
Balance 30 June	<u>437,443</u>	<u>437,443</u>	<u>-</u>	<u>-</u>
CAPITAL RESERVE				
The capital reserve records options issued to employees of associates of ecorp.				
Balance 1 July	1,018	1,074	-	-
Share of associates' reserves	-	(56)	-	-
Cancellation of ecorp options – refer note 23	<u>(1,018)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance 30 June	<u>-</u>	<u>1,018</u>	<u>-</u>	<u>-</u>
CAPITAL PROFITS RESERVE				
The capital profits reserve is able to be used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares				
Balance 1 July	<u>405</u>	<u>405</u>	<u>-</u>	<u>-</u>
Balance 30 June	<u>405</u>	<u>405</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
18. RESERVES AND RETAINED PROFITS (continued)				
RETAINED EARNINGS				
Balance 1 July	740,856	612,004	3,385,278	1,176,044
Adjustment arising from adoption of revised accounting standard: AASB 1044 – Provisions, Contingent Liabilities and Contingent Assets	<u>74,400</u>	-	<u>72,743</u>	-
Adjusted opening retained profits	815,256	612,004	3,458,021	1,176,044
Net profit attributable to members of PBL	380,828	268,211	433,854	2,348,058
Net transfers from share capital on selective capital reduction of controlled entity	<u>66,386</u>	-	-	-
Total available for appropriation	1,262,470	880,215	3,891,875	3,524,102
Dividends provided for or paid – note 4	<u>(145,415)</u>	<u>(139,359)</u>	<u>(145,415)</u>	<u>(138,824)</u>
Balance 30 June	<u>1,117,055</u>	<u>740,856</u>	<u>3,746,460</u>	<u>3,385,278</u>
19. OUTSIDE EQUITY INTERESTS				
Reconciliation of outside equity interests				
• Opening balance	44,588	42,417	-	-
• Share of operating profit	33,573	403	-	-
• Share of acquisition of controlled entities	-	6,285	-	-
• Acquisition of ecorp outside equity interests from ecorp selective capital reduction	(68,807)	-	-	-
• Less dividends/distributions	<u>(6,510)</u>	<u>(4,517)</u>	-	-
	<u>2,844</u>	<u>44,588</u>	-	-
20. EXPENDITURE COMMITMENTS				
(a) Capital expenditure commitments				
(i) Estimated capital expenditure contracted for at balance date, but not provided for, payable:				
• not later than one year	40,138	94,226	-	-
• later than one year and not later than five years	-	37,458	-	-
• later than five years	-	9,000	-	-
	<u>40,138</u>	<u>140,684</u>	-	-
(ii) Program rights contracted for at balance date, but not provided for, payable:				
• not later than one year	56,039	53,550	-	-
• later than one year and not later than five years	<u>31,577</u>	<u>72,327</u>	-	-
	<u>87,616</u>	<u>125,877</u>	-	-
(b) Lease expenditure commitments				
Finance lease commitments:				
• not later than one year	5,168	5,516	-	-
• later than one year and not later than five years	<u>9,328</u>	<u>14,420</u>	-	-
	14,496	19,936	-	-
Future finance charges on finance leases	<u>(1,261)</u>	<u>(2,135)</u>	-	-
Lease liabilities	<u>13,235</u>	<u>17,801</u>	-	-
Representing lease liabilities:				
Current	4,464	4,566	-	-
Non current	<u>8,770</u>	<u>13,235</u>	-	-
	<u>13,234</u>	<u>17,801</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

20. EXPENDITURE COMMITMENTS (continued)

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<u>Non cancellable operating lease commitments:</u>				
Payable not later than one year	32,617	29,265	-	-
Payable later than one year and not later than five years	68,733	68,135	-	-
Payable later than five years	46,759	17,869	-	-
	148,109	115,269	-	-

Operating leases have an average lease term of approximately 5 years (2002: 5 years). Operating leases include telecommunications rental agreements and leases on assets including aircraft, motor vehicles, land and buildings and items of plant and equipment.

21. STATEMENT OF CASH FLOWS

(a) Cash balance represents:				
• cash on hand and at bank	112,682	95,006	1,846	1,193
• deposits at call	724,618	351,414	-	-
	837,300	446,420	1,846	1,193
(b) Reconciliation of the profit from ordinary activities after tax to the net cash flows from operations				
Profit from ordinary activities after tax	414,401	268,614	433,854	2,348,058
Depreciation and amortisation				
• property, plant and equipment	100,895	101,038	-	-
• intangibles	25,144	23,915	-	-
Program rights amortisation and usage	161,035	170,241	-	-
Payments to program contract creditors	(181,048)	(157,548)	-	-
Loss on sale of property, plant and equipment	40	58	-	-
Unrealised foreign exchange (gain)/loss	4,136	(2,158)	(80,510)	(21,997)
Provision for diminution in the value of investments	15,915	(34,000)	13,300	-
Deferred expenditure written off	44,725	-	-	-
(Profit) on disposal of investments	(146,721)	(10,317)	(206,000)	(2,530,285)
Provision for non-recoverable loans	-	-	-	311,627
Bad debts written off	-	-	-	53,938
Share of associates' net (profit)/losses	(2,091)	14,913	-	-
Film and television investments written off	8,767	6,741	-	-
Net non-cash interest received from controlled entities	-	-	(305,286)	(21,608)
Non-cash dividends received from controlled entities	-	-	-	(132,577)
Other non cash items	(2,111)	1,811	35,200	(11,601)
Changes in assets and liabilities				
Trade and other receivables	(23,760)	(19,892)	(4,763)	5,449
Doubtful debts	15	(3,562)	-	-
Inventories	6,495	11,323	-	-
Prepayments	(2,424)	14,441	-	-
Development costs	(10,322)	19,543	-	-
Future income tax benefit	(5,025)	(78,061)	19,569	(13,359)
Other assets	548	(544)	-	-
Payables	56,399	(24,949)	(4,134)	(4,346)
Provision for income tax	9,143	(33,978)	57,642	35
Provisions for employee entitlements	7,725	(4,852)	-	-
Other provisions	(6,022)	(6,352)	-	-
Deferred income tax liability	24,994	84,941	22,801	(491)
Exchange rate charge on conversion of assets and liabilities of overseas controlled entities	(6,303)	(1,853)	-	-
Net Cash Flows from Operating Activities	494,550	339,513	(18,327)	(17,157)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

21. STATEMENTS OF CASH FLOWS (continued)

Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

Bank	2003	2002
ANZ Banking Group Limited	A\$10 million	A\$10 million
ANZ Banking Group Limited	NZ\$1 million	NZ\$1 million
Citibank NA	US\$10 million	-

Bank Facility

The consolidated entity has a NZ\$3 million facility (2002 – NZ\$3 million) through ANZ Banking Group Limited which is fully drawn.

Credit facilities

	Facility Type	Maturity	Committed Facility Amount ⁰	Facility drawn at 30 June 2003 ⁰
			\$ million	\$ million
Senior Bank Facilities				
Bilateral Facility	Cash advance	November 2003	20	20
Bilateral Facility NZD \$44 million	Cash advance	November 2004	38	38
Syndicated Facility	Letter of credit	June 2005	160	160
Syndicated Facility	Cash advance	July 2007	340	-
Other Senior Debt				
Crown Unsecured Notes - series 2		August 2005	200	210*
Eurobond Notes	Senior guaranteed notes	November 2006	507	507
MTN Tranche 1	Medium term notes	February 2005	250	250
MTN Tranche 2/3	Medium term notes	March 2010	150	150
US Private Placement		September 2009	163	163
US Private Placement		September 2012	194	194
US Private Placement		September 2014	206	206
Standby Facilities		October 2003	400	-
Standby Facilities		December 2003	50	-
Other		June 2005	169	169
Subordinated Debt				
Perpetual Adjusting Rate Securities			300	300
Total Debt			3,147	2,367

The syndicated facility is provided by a syndicate of banks and financial institutions led by ANZ Banking Group Limited. The senior bank and standby facilities are provided on a bilateral basis by several of the syndicate banks. The senior bank facilities and other senior debt (other than Crown unsecured notes) are supported by a group guarantee from PBL and certain of its subsidiaries and impose various affirmative covenants on PBL, including compliance with certain ratios and covenants, various negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

The Crown Unsecured Notes - series 2 bear interest at 9.5% and mature on 15 August, 2005 with no prepayment or early redemption option. The terms of these notes include customary events of default and covenants, including certain financial covenants. They rank ahead of the share capital of Crown, but are pari passu with all other unsecured liabilities of Crown.

The perpetual adjusting rate securities ("PARS") bear an interest rate of 2% above the 90 day bank bill swap rate, they have no specified maturity date and are subordinated debt securities, which in a winding up of PBL become due and payable and will rank behind all senior financial indebtedness.

⁰ net of cross currency swaps

* includes pre-acquisition accounting adjustment

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

22. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, PBL has agreed to acquire 25% of SEEK, an unlisted online employment business for approximately \$33 million.

23. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	2003	2002
Total number of employees at 30 June	<u>7,892</u>	<u>8,071</u>

Superannuation Commitments

The consolidated entity operates superannuation plans under which all Australian employees are offered membership which grant entitlement to benefits on resignation, retirement, disability or death. Employees contribute to the plans at various percentages of their wages and salaries. Controlled entities of the consolidated entity also contribute to the plans (eg. at rates related to employee contributions or in accordance with payments recommended by actuaries). Any contributions made by controlled entities for any amount over the Superannuation Guarantee Contribution are not legally enforceable. The Nine Network Superannuation Fund comprises both defined benefits and accumulation funds, Crown Limited contributes to defined contribution funds and the ACP Retirement Fund is an accumulation fund.

As required for a defined benefits fund, an actuarial assessment of the Nine Network Superannuation Fund was made on 1 August 2002 by Mr J Carroll. This assessment, which is the most recent review, found that the defined benefits fund has a current funding deficiency. The company has entered into agreement with the Trustee to make contributions to the Fund for funding the deficit over a reasonable period as determined by the Actuary in consultation with the Trustee, and to cover the accruing benefit provided under the fund.

Details of the defined benefit portion of the Nine Network Superannuation Fund as extracted from their most recent actuarial report of 1 August 2002 are as follows:

	\$'000
Accrued benefits	49,217
Net market value of plan assets	<u>47,502</u>
Deficit of net market value of plan assets over accrued benefits	<u>(1,715)</u>
Vested benefits	<u>49,217</u>

Executive Share Plan

PBL operates an Executive Share Plan (ESP) which was approved at the 1994 Annual General Meeting. The Plan permits the acquisition of PBL's shares on the following basis:

- PBL directors will determine the number of PBL shares issued to each eligible executive;
- the total number of shares which can be issued under the Plan will be limited to 2% of the issued share capital of PBL;
- the price payable for each PBL share issued under the Plan will be the weighted average share market price over the 5 business days up to and including the date that the offer of PBL shares is accepted;
- on completion of each year of service after the issue date, 25% of a participating executive's PBL shares will be released from restrictions on transfer;
- subscription monies will be funded by a loan from PBL that will be fully repayable after 5 years, or earlier, upon cessation of employment of the executive;
- if a participating executive sells PBL shares which are no longer subject to transfer restrictions before the expiry of the 5 year period, the executive must apply the issue price for each PBL share towards repayment of the loan;
- loan funds provided by PBL to acquire shares are provided on a limited recourse basis;
- interest payable on the loan funds will be equal to dividends received on the relevant PBL shares from time to time.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

23. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (continued)

As at the date of the report there are 46 executives eligible to participate.

	2003	2002
Number of ESP shares on issue at year end	12,961,000	13,682,000
Number of ESP shares issued during the year	200,000	2,486,000
Market value of ESP shares issued during the year	\$1,745,000	\$25,219,000
Loans to executives at year end	<u>\$129,277,000</u>	<u>\$134,018,000</u>

ecorp Employee Option Plan

ecorp operated an Employee Option Plan ("The Plan"). All ecorp options issued under the Plan that were outstanding at the time of the ecorp selective capital reduction were cancelled in consideration for a payment to the option holders equal to the value of their options. The price paid for each option was determined by a sub-committee of the ecorp Board comprising Ashok P Jacob and Peter W Yates, neither of whom held ecorp options. The option-pricing model used was based on the Black Scholes Option pricing model.

	2003		2002	
	Number of Options	Weighted average exercise/ cancellation price \$	Number of Options	Weighted average exercise/ cancellation price \$
Balance at beginning of year	13,310,950	0.79	13,199,700	1.04
- granted	-	-	3,917,000	0.47
- expired	(1,441,750)	1.15	(3,805,750)	1.35
- cancelled	(11,869,200)	0.17	-	-
Balance at end of year	-	-	13,310,950	0.79
Exercisable at end of year	-	-	6,846,800	0.86

The amount paid to the executives who held ecorp Limited options has been included in the executive remuneration disclosures in note 28.

Consolidated		Parent Entity	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

24. CONTINGENT LIABILITIES AND RELATED MATTERS

Unsecured	<u>303,675</u>	<u>320,705</u>	<u>1,823,452</u>	<u>1,643,805</u>
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Contingent liabilities related primarily to the following:

Controlled Entities

(i) Under the terms of a deed entered into in accordance with the ASIC Class Order 98/1418, the parent entity has undertaken to meet any shortfall which might arise on the liquidation of controlled entities which are party to the deed.	-	-	1,527,400	1,322,300
(ii) PBL has guaranteed letters of credit issued to the State of Victoria in respect of obligations of Crown Limited	125,000	125,000	125,000	125,000
(iii) The consolidated entity and parent entity have made certain guarantees regarding contractual, performance and other commitments	178,675	195,705	171,052	196,505

As a result of the consolidated entity's 25% beneficial interest in Foxtel, PBL in conjunction with Foxtel and its other partners, The News Corporation Limited and Telstra Corporation Limited, has entered into transponder agreements and long term channel supply agreements with various parties for exclusive cable rights to their programming. The channel supply agreements prescribe that payments of approximately \$1,544 million (2002 - \$1,760 million) for programming are based on subscriber numbers subject to a minimum annual payment. PBL's 25% share of the commitments are:

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

24. CONTINGENT LIABILITIES AND RELATED MATTERS (continued)

	Transponder Costs		Minimum Program Payments	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Payable not later than one year	773	2,476	65,000	50,000
Payable later than one year and not later than five years	3,329	9,904	196,000	200,000
Payable later than five years	<u>2,293</u>	<u>2,476</u>	<u>125,000</u>	<u>190,000</u>
	<u>6,395</u>	<u>14,856</u>	<u>386,000</u>	<u>440,000</u>

	Consolidated		Parent Entity	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000

25. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES

Australian dollar equivalents of amounts payable or receivable in foreign currencies not effectively hedged:

Amounts Payable

Current

United States dollars	8,752	15,942	-	-
United Kingdom pounds	396	1,007	-	-
Singapore dollars	15,023	13,679	-	-
Malaysian ringgits	4,730	4,019	-	-
Papua New Guinea kina	1,276	1,591	-	-
New Zealand dollars	3,404	2,546	-	-

Non Current

United States dollars	369	3,547	-	-
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Amounts Receivable

Current

United States dollars	1,192	3,261	-	-
United Kingdom pounds	742	882	-	-
Singapore dollars	2,837	2,760	-	-
Malaysian ringgits	2,256	1,861	-	-
Papua New Guinea kina	1,314	1,697	-	-
New Zealand dollars	17,513	16,333	-	-

Non Current

Thailand baht	208	356	-	-
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26. AUDITORS' REMUNERATION

Amounts received, or due and receivable, by the auditor of the parent entity for:

• Auditing the accounts	910	823	-	-
• Taxation services	1,923	1,826	-	-
• Other services				
○ Assurance related	116	136	-	-
○ Advice relating to finance structures	323	1,507	-	-
○ Due diligence advice	177	35	-	-

Amounts received, or due and receivable, by other member firms of Ernst & Young International for:

• Auditing the accounts of controlled entities	92	158	-	-
• Due diligence advice	100	50	-	-

Amounts received, or due and receivable, by auditors other than the auditors of the parent entity for:

• Auditing the accounts of controlled entities	<u>22</u>	<u>48</u>	-	-
	<u>3,663</u>	<u>4,583</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

27. EARNINGS PER SHARE (EPS)

The following reflects the income and share data used in the calculations of basic and diluted EPS:

Net profit	414,401	268,614
Net (profit) attributable to outside equity interests	<u>(33,573)</u>	<u>(403)</u>
Earnings used in calculating basic and diluted EPS	<u>380,828</u>	<u>268,211</u>
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	<u>661.738</u>	<u>661.476</u>

28. REMUNERATION OF DIRECTORS AND EXECUTIVES

Directors' remuneration

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:

	<u>18,583</u>	<u>15,146</u>
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Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the parent entity directly or indirectly from the entity or any related party:

	<u>9,799</u>	<u>10,699</u>
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	Parent Entity	
	2003	2002
	Number	Number

The number of parent entity directors included in these figures are shown below in their relevant income bands (including superannuation).

Income between

\$ 0 and \$ 9,999	4	4
\$ 40,000 and \$ 49,999	4	4
\$ 560,000 and \$ 569,999	-	1
\$ 800,000 and \$ 810,999	1	-
\$ 810,000 and \$ 819,999	-	1
\$1,070,000 and \$1,079,999	-	1
\$1,260,000 and \$1,269,999	1	-
\$1,370,000 and \$1,379,999	-	1
\$2,500,000 and \$2,509,999	-	1
\$3,760,000 and \$3,769,999	1	-
\$3,770,000 and \$3,779,999	1	-
\$4,160,000 and \$4,169,999	-	1

Executive remuneration

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:

	<u>32.682</u>	<u>29.998</u>
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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

Consolidated		Parent Entity	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

28. REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)

Remuneration received or due and receivable by executive officers of PBL whose remuneration is \$100,000 or more, from the parent entity or any related party, in connection with the management of the affairs of PBL or any related party, whether as an executive officer or otherwise:

13,628 14,942

The number of executive officers whose income (including superannuation) is at least \$100,000 are shown below in their relevant income bands:

Income between:	2003	2002	2003	2002
\$ 180,000 and \$ 189,999	-	1	-	-
\$ 190,000 and \$ 199,999	2	-	-	-
\$ 210,000 and \$ 219,999	1	-	-	-
\$ 230,000 and \$ 239,999	-	1	-	-
\$ 240,000 and \$ 249,999	1	2	-	1
\$ 250,000 and \$ 259,999	1	1	-	-
\$ 260,000 and \$ 269,999	-	1	-	-
\$ 270,000 and \$ 279,999	2	1	-	-
\$ 280,000 and \$ 289,999	-	1	-	-
\$ 300,000 and \$ 309,999	2	2	-	-
\$ 310,000 and \$ 319,999	-	1	-	-
\$ 320,000 and \$ 329,999	-	1	-	-
\$ 330,000 and \$ 339,999	3	1	-	1
\$ 350,000 and \$ 359,999	2	1	1	-
\$ 360,000 and \$ 369,999	-	1	-	-
\$ 370,000 and \$ 379,999	1	-	-	-
\$ 380,000 and \$ 389,999	-	1	-	-
\$ 390,000 and \$ 399,999	2	2	-	-
\$ 400,000 and \$ 409,999	-	2	-	-
\$ 410,000 and \$ 419,999	2	-	-	-
\$ 430,000 and \$ 439,999	-	4	-	-
\$ 440,000 and \$ 449,999	1	-	-	-
\$ 450,000 and \$ 459,999	1	1	-	-
\$ 460,000 and \$ 469,999	1	2	-	-
\$ 490,000 and \$ 499,999	-	2	-	1
\$ 510,000 and \$ 519,999	1	2	-	1
\$ 520,000 and \$ 529,999	1	-	-	-
\$ 540,000 and \$ 549,999	1	-	-	-
\$ 550,000 and \$ 559,999	-	1	-	-
\$ 560,000 and \$ 569,999	3	3	1	1
\$ 580,000 and \$ 589,999	4	-	-	-
\$ 590,000 and \$ 599,999	1	-	-	-
\$ 610,000 and \$ 619,999	1	1	-	-
\$ 640,000 and \$ 649,999	1	1	-	-
\$ 690,000 and \$ 699,999	-	1	-	1
\$ 720,000 and \$ 729,999	-	1	-	-
\$ 750,000 and \$ 759,999	-	1	-	1
\$ 770,000 and \$ 779,999	-	1	-	-
\$ 790,000 and \$ 799,999	-	1	-	-
\$ 800,000 and \$ 819,999	1	-	-	-
\$ 810,000 and \$ 819,999	-	1	-	1
\$ 970,000 and \$ 979,999	1	-	-	-
\$1,070,000 and \$1,079,999	-	1	-	1
\$1,080,000 and \$1,089,999	1	-	1	-
\$1,090,000 and \$1,099,999	1	-	-	-
\$1,120,000 and \$1,129,999	1	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

28. REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)

\$1,150,000 and \$1,159,999	1	-	-	-
\$1,260,000 and \$1,269,999	1	-	1	-
\$1,360,000 and \$1,369,999	1	-	1	-
\$1,370,000 and \$1,379,999	-	1	-	1
\$1,390,000 and \$1,399,999	-	1	-	1
\$1,460,000 and \$1,469,999	1	-	1	-
\$2,500,000 and \$2,509,999	-	1	-	1
\$3,760,000 and \$3,769,999	1	-	1	-
\$3,770,000 and \$3,779,999	1	-	1	-
\$4,160,000 and \$4,169,999	-	1	-	1

29. SEGMENT INFORMATION

PBL operates five distinct segments. These being:

- Television - operation of commercial television stations,
- Publishing - magazine publishing and distribution,
- Gaming - operation of a fully integrated gaming and entertainment facility,
- Online Gaming – internet gaming business (closed in May 2003), and
- ecorp – operation of and investment in internet-related businesses.

Intersegment trading, where appropriate, is eliminated on consolidation. Any such transactions are based on market values.

	Consolidated	
	2003	2002
	\$'000	\$'000
(a) Industry Segment		
Operating revenue		
Television - total	782,084	735,450
- intersegment	(4,471)	(4,286)
- external customers	777,613	731,164
Publishing - total	699,898	589,744
- intersegment	(1,615)	(3,235)
- external customers	698,283	586,509
Gaming - total	1,143,471	1,114,567
- intersegment	(1,056)	(531)
- external customers	1,142,415	1,114,036
Online Gaming - total	6,765	468
- intersegment	-	-
- external customers	6,765	468
ecorp - total*	185,817	60,907
- intersegment	-	-
- external customers	185,817	60,607
Unallocated - total*	68,526	13,272
- intersegment	(3,968)	-
- external customers	64,558	13,272
Interest income	46,647	27,664
Total revenue from ordinary activities	2,922,098	2,534,020

* Revenue includes proceeds from asset sales.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

Consolidated

2003 2002
\$'000 \$'000

29. SEGMENT INFORMATION (continued)

Segment Result

Television	200,937	175,973
Publishing	166,875	103,545
Gaming	238,800	195,545
Online gaming	(9,009)	(10,953)
ecorp	(486)	(7,539)
Unallocated ^	<u>(35,645)</u>	<u>(23,274)</u>
Earnings before interest and tax and specific items "EBIT"	<u>561,472</u>	<u>433,297</u>
Specific items – note 3		
Television	(16,227)	-
Publishing	(3,000)	41,518
Gaming	(2,706)	-
Online Gaming	(14,212)	-
ecorp	105,307	2,566
Unallocated	<u>(20,190)</u>	<u>(44,152)</u>
	<u>48,972</u>	<u>(68)</u>
Equity accounted share of associated entities net profit/ (loss)	2,091	(14,913)
Net interest (expense)	<u>(112,332)</u>	<u>(102,233)</u>
Profit from operating activities before income tax and minority interests	500,203	316,083
Less: tax expense	<u>(85,802)</u>	<u>(47,469)</u>
Net profit from ordinary activities after tax	<u>414,401</u>	<u>268,614</u>

^ Unallocated result includes corporate costs

Depreciation and Amortisation

Television	16,970	15,969
Publishing	8,102	7,696
Gaming	92,108	91,781
Online gaming	103	1,149
ecorp	7,881	7,605
Unallocated	<u>875</u>	<u>753</u>
	<u>126,039</u>	<u>124,953</u>

Non-cash Expenses (other than depreciation and amortisation)

Television	634	(2,632)
Publishing	3,461	(1,117)
Gaming	12,361	21,885
Online gaming	-	451
ecorp	<u>357</u>	<u>(139)</u>
	<u>16,813</u>	<u>18,448</u>

Total Assets Employed

Television	1,828,539	1,806,522
Publishing	1,537,133	1,433,638
Gaming	2,064,647	1,960,952
Online gaming	1,883	18,452
ecorp	104,404	198,375
Unallocated #	<u>1,501,828</u>	<u>1,104,936</u>

Total 7,038,434 6,522,875

Includes PBL Enterprises investments of \$530.5 million (2002: \$545.8 million) and unallocated cash on deposit of \$710.6 million (2002: \$293.3 million).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

Consolidated

2003
\$'000

2002
\$'000

29. SEGMENT INFORMATION (continued)

Acquisition of Non-current Assets

Television	61,507	59,937
Publishing	84,972	46,858
Gaming	96,026	65,825
ecorp	5,122	19,649
Unallocated ^o	<u>15,652</u>	<u>26,354</u>

Total 263,279 218,623

^o Includes PBL Enterprises acquisitions of \$13.9 million (2002: \$23.1 million)

Investments in Associated Entities

Television	4,764	4,764
Publishing	451	147
ecorp	2,523	12,638
Unallocated (PBL Enterprises investments)	<u>272,781</u>	<u>237,876</u>

Total 280,519 255,425

Total Liabilities

Television	361,670	284,772
Publishing	204,101	110,028
Gaming	563,543	493,601
Online gaming	2,763	6,450
ecorp	42,880	42,080
Unallocated ⁺	<u>2,121,628</u>	<u>2,075,772</u>

Total 3,296,585 3,012,703

⁺ Comprises mainly of interest-bearing liabilities

(b) Geographical Segment

The consolidated entity operates principally within Australia.

30. RELATED PARTY DISCLOSURES

Directors

The following information is relevant to those who served as directors of Publishing and Broadcasting Limited during the year ended 30 June 2003:

Name	Date Appointed
James D Packer	28 April, 1992
Peter W Yates	13 June, 2001
John H Alexander	16 December, 1999
Rowen B Craigie	9 January, 2002
Graham A Cubbin	30 September, 1991
Rowena Danziger	17 September, 1997
Ashok P Jacob	9 November, 1998
Sir Laurence Muir	23 January, 1995
Kerry F B Packer	19 July, 1990
Richard W Turner	9 November, 1998
Robert M Whyte	17 September, 1997

Mr Ian Johnson, appointed on 9 January 2002, resigned on 30 June 2003.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

30. RELATED PARTY DISCLOSURES (continued)

Related Party Transactions

Transactions with related parties in wholly-owned group

All transactions between the parent entity and its controlled entities including intercompany interest charges are conducted under normal commercial terms and conditions.

Transactions with director related entities

Consolidated Press Holdings Limited ("CPH"), an entity related to Mr KFB Packer, provides management and consulting services to PBL and its controlled entities. The charges for the year ended 30 June 2003 were \$1,806,000 (2002 - \$1,201,000). In addition, CPH provided leased premises, car parking and other facilities at a charge of \$815,000 (2002 - \$604,000).

A controlled entity of CPH provided customs clearance services to PBL and its controlled entities. The charge for these services for the year ended 30 June 2003 was \$471,000 (2002 - \$536,000).

PBL and its controlled entities provided television air-time and commercial production services to controlled entities of CPH. The charge for television air-time for the year ended 30 June 2003 was \$686,000 (2002 - \$579,000) and for commercial production was \$198,000 (2002 - \$194,000). PBL and its controlled entities also provided CPH with hotel rooms for \$28,000 (2002 - \$37,000), accounting and other services of \$120,000 (2002 - \$120,000), information technology services of \$210,000 (2002 - \$Nil) and leased premises of \$702,000 (2002 - \$726,000).

Wilbur Pty Ltd ("Wilbur"), a company which is wholly owned indirectly by interests owned and controlled by two former directors of ecorp, Daniel Petre and Jeremy Philips held as nominee for Mr Petre and Mr Philips, options over 2,280,701 ordinary shares of ecorp granted for nominal consideration. The options were issued in a previous financial year and no further options were issued during the current financial year. The options were cancelled during the year following the ecorp selective capital reduction. Consideration paid for the cancellation of the 2,280,701 options was \$340,994.

All transactions between the consolidated entity and its director related entities are conducted under normal commercial terms and conditions unless otherwise noted.

Transactions with other related parties

Under the terms of the ninemsn joint venture agreement, PBL is to provide to ninemsn Pty Ltd the use of brands, including registered trademarks and logos, and personalities at no charge. An amount of advertising and ongoing promotional airtime was also provided free of charge as per the agreement. This was \$1,410,000 for the year (2002 - \$3,748,000). Charges by controlled entities of PBL to ninemsn were for hotel costs of \$7,000 (2002: \$16,000), production costs of \$45,000 (2002 - \$Nil) and received online advertising revenue of \$1,095,000 (2002 - \$524,000). ninemsn charged controlled entities of PBL \$2,189,000 (2002 - \$Nil) for advertising and received royalties of \$Nil (2002:\$ 383,000).

Equity investments provided to ninemsn during the year totalled \$2,250,000 (2002 - \$4,500,000).

PBL has guaranteed the performance of a controlled entity of ecorp in relation to the ninemsn joint venture agreement with Microsoft. The maximum liability under the terms of this agreement is the lesser between US\$100 million and the fair market value of ninemsn.

PBL and its controlled entities provided advertising to Foxtel for a charge of \$2,780,000 (2002 - \$1,842,000) as well as charging \$350,000 (2002 - \$380,000) for production and link costs and \$74,000 (2002 - \$74,000) for hotel costs. Payments were made by controlled entities of PBL to Foxtel for subscription and installation costs of \$198,000 (2002 - \$202,000) and production costs totalling \$21,000 (2002 - Nil).

Funding was provided to Foxtel through equity investments in Sky Cable Pty Ltd, a company holding a 50% interest in Foxtel, during the year of \$25,000,000 (2002 - \$20,750,000).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

30. RELATED PARTY DISCLOSURES (continued)

PBL and its controlled entities charged Fox Sports with production services and satellite links at a cost of \$820,000 (2002 - \$655,000). Payments were made by controlled entities of PBL to Fox Sports for subscription costs of \$53,000 (2002 - \$Nil).

Payments were made by controlled entities of PBL to Television and Media Services Limited (TMS) for outside broadcast costs of \$2,071,000 after TMS became an associated entity in May 2003.

PBL and its controlled entities provided advertising valued at \$nil (2002 - \$1,879,000) at no charge to eBay under the terms of the joint venture agreement. PBL disposed of its interest in eBay in August 2002.

PBL and its controlled entities provided production services and satellite links to Australian News Channel at a cost of \$31,000 (2002 - \$272,000).

Advertising was provided by PBL and its controlled entities to Wizard to the value of \$1,077,000 (2002 - \$1,320,000) during the year as well as \$244,000 (2002 - \$156,000) in commercial production services and \$50,000 (2002 - \$50,000) in hotel services.

The consolidated entity provides advances to entities in which it has an interest in direct proportion to its shareholding and pursuant to the shareholders' agreements. An interest free loan has been provided to Australian News Channel Pty Ltd. \$1,000,000 was repaid on this loan during the year (2002 - \$2,200,000) leaving a loan balance of \$500,000 (2002 - \$1,500,000) at reporting date. A loan has been made to Fox Sports on which interest of \$1,619,000 (2002 - \$2,439,000) was charged during the financial year and principal of \$15,000,000 (2002 - \$17,500,000) was repaid. The balance of the loan to Fox Sports at 30 June 2003 was \$17,500,000 (2001 - \$32,500,000).

All the services provided to or from other related parties are under normal commercial terms and conditions with the exception of ninemsn and eBay as detailed above.

Interests in equity instruments of entities in the consolidated entity held by directors of the reporting entity and their director related entities at balance date, being the number of instruments held:

30 June 2003			
	PBL		Crown Limited
	Ordinary Shares	Ord. Shares Issued Under the ESP*	Unsecured Notes
Kerry F B Packer	247,572,325	-	-
Peter W Yates	180,629	1,923,077	-
John H Alexander	-	562,500	-
Rowen B Craigie	-	425,000	-
Graham A Cubbin	9,859	-	-
Rowena Danziger	18,876	-	-
Sir Laurence Muir	11,126	-	-
Richard W Turner	20,000	-	-
Robert M Whyte ^	10,000	-	30,954

* PBL's Executive Share Plan

^ Mr Whyte has interests in exchange traded call options (expiry June 2004) over 200,000 PBL ordinary shares.

30 June 2002				
	PBL		ecorp Limited	Crown Limited
	Ordinary Shares	Ordinary Shares Issued Under the ESP	Ordinary Shares	Unsecured Notes
Kerry F B Packer	247,572,325	-	-	-
Peter W Yates	116,929	1,923,077	2,000	-
John H Alexander	-	562,500	7,000	-
Rowen B Craigie	-	425,000	-	-
Graham A Cubbin	9,859	-	7,000	-
Rowena Danziger	18,876	-	28,500	-
Ian J Johnson	-	620,000	-	-
Sir Laurence Muir	11,126	-	2,000	-
Richard W Turner	10,000	-	20,000	-
Robert M Whyte	10,000	-	2,000	30,954

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

30. RELATED PARTY DISCLOSURES (continued)

Loans to directors

Messrs Yates, Alexander and Craigie are participants in the Executive Share Plan of which an amount of \$30,222,000 (2002 - \$35,661,000) has been advanced on their behalf. The 2002 year included Mr Ian Johnson who was no longer a director of the Company at 30 June 2003. No shares were issued to directors during the financial year (2002 - 1,923,077) at a value of \$nil (2002 - \$20,000,000). Mr Ian Johnson repaid loans in respect of the shares issued under the Executive Share Plan subsequent to his resignation as a director of the Company. There were no other repayments by directors during the period (2002 - \$Nil). Shares are issued in accordance with the conditions in note 23. An interest free housing loan of \$6,000,000 has been advanced to Mr Peter Yates during the year. The loan is a limited recourse loan and is secured by a first mortgage.

31. INVESTMENT IN CONTROLLED ENTITIES

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2003	2002
			%	%
Publishing and Broadcasting Limited				
Petelex Pty Ltd	C	Australia	100	100
Nine Network Australia Pty Ltd	C	Australia	100	100
General Television Corporation Pty Ltd	C	Australia	100	100
TCN Channel Nine Pty Ltd	C	Australia	100	100
ACPPS Investments Pty Ltd		Australia	100	100
ACPPS Holdings Pty Ltd		Australia	100	100
MLPM Holdings Pty Ltd		Australia	100	100
Micjoy Pty Ltd		Australia	100	100
Nine Films & Television Pty Ltd		Australia	100	100
Nine Films & Television Distribution Pty Ltd		Australia	100	100
Pay TV Holdings Pty Ltd	C	Australia	100	100
Pay TV Options Pty Ltd		Australia	100	100
Shertip Pty Ltd		Australia	100	100
Nine Television Pty Ltd		Australia	100	100
PBL NZ TV Holdings Ltd		New Zealand	100	100
Personal TV Pty Ltd		Australia	100	100
Queensland Television Limited	C	Australia	100	100
Recordable TV Pty Ltd		Australia	100	100
Television Holdings Darwin Pty Ltd	C	Australia	100	100
Territory Television Pty Ltd	C	Australia	100	100
TV Your Way Pty Ltd		Australia	100	100
ACP Partnership Holdings GP Pty Ltd		Australia	100	100
Masthead LP Management			100	100
Magazine Holdings Limited		Cayman Islands	100	100
Magazines Holdings (No 2) Pty Ltd		Australia	100	100
Debentures and Securities Holdings Limited		Cayman Islands	100	100
Mastheads Capital Partnership			100	100
Debentures and Securities (No 2) Pty Ltd		Australia	100	100
Australian Consolidated Press Limited	C	Australia	100	100
ACP Mastheads Pty Ltd	C	Australia	100	100
ACP Colour Graphics Pty Ltd	C	Australia	100	100
ACP Netguide Mastheads Pty Ltd	A	Australia	100	-
ACP New Zealand Mastheads Pty Ltd		Australia	100	100
ACP Publishing Pty Ltd	C	Australia	100	100
ACP Custodian Pty Ltd	C	Australia	100	100
ACP Media Ltd	D	New Zealand	100	100
ACP Netguide Mastheads (NZ) Limited	A,D	New Zealand	100	-
Australian Consolidated Press NZ Ltd	D	New Zealand	100	100
Motoring Guide Auckland Limited	D	New Zealand	100	100
Netlink Distribution Co Ltd	D	New Zealand	100	100
New Zealand Trader Magazine Group Limited	D	New Zealand	100	100
Property Press Auckland Limited	D	New Zealand	100	100
Property Press Wellington Limited	D	New Zealand	100	100
Property Press Southland Limited	D	New Zealand	100	100
Wellington Motoring Guide Limited	D	New Zealand	100	100

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2003	2002
			%	%
Property Press Central Limited	B,D	New Zealand	50	50
Property Press Eastern (1997) I Limited	B,D	New Zealand	50	50
Property Press South Auckland (1997) Limited	B,D	New Zealand	50	50
Property Press Bay of Plenty Limited	B,D	New Zealand	50	50
Property Press Otago Limited	B,D	New Zealand	50	50
Lakes District Property Press Limited	B,D	New Zealand	50	50
ACP Points Pty. Limited		Australia	100	100
ACP Syme Magazines Pty Ltd		Australia	100	100
Football Plus Pty Ltd		Australia	100	100
Australian Consolidated Press (US), Inc	D	USA	100	100
Bookout Limited	F	Hong Kong	-	100
Burkes Backyard Publishing Pty Ltd	B	Australia	50	50
Computer Publications Pty Ltd	C	Australia	100	100
Equipment Research Group Pty Ltd		Australia	100	100
Exhibitions and Trade Fairs Pty Limited	A	Australia	75	50
Hearst/ACP Partnership	B		50	50
Stats on Sports Pty Ltd		Australia	100	100
Vietnam Investment Review Ltd	F	Hong Kong	-	70
Vietnam Investment Review Ltd	F	B.V.I.	-	70
Staflex Pty Ltd	C	Australia	100	100
ACP Magazines Pty Ltd	C	Australia	100	100
ACP Magazines (CI) Ltd		Cayman Islands	100	100
ACP Masthead Nominees Pty Ltd		Australia	100	100
Channel 9 Australia Inc.		USA	100	100
Nesray Pty Limited		Australia	100	100
Beargen Pty Limited		Australia	100	88
Nine Leisure Pty Ltd		Australia	100	100
Nine Intencity Pty Ltd		Australia	100	100
Nine Network Productions Pty Ltd	C	Australia	100	100
Nine Network Superannuation Fund Pty Ltd	C	Australia	100	100
Nine Satellite Facilities Pty Ltd	C	Australia	100	100
PBL Marketing Pty Ltd	C	Australia	100	100
PBL Pacific Television Pty Ltd	C	Australia	100	100
Media Niugini Pty Ltd	G	PNG	100	100
ACP Partnership Holdings LP Pty Ltd		Australia	100	100
Jade West Entertainment Pty Ltd		Australia	100	100
Jaydive Pty Ltd		Australia	100	100
Justvana Pty Ltd		Australia	100	100
Mancon Nominees Pty Ltd		Australia	100	100
PBL Property Pty Limited		Australia	100	100
ecorp Limited		Australia	100	76
Bellfix Pty Limited		Australia	100	76
Cessray Pty Limited		Australia	100	76
ecorp Holdings Ltd		Bahamas	100	76
ecorp International Investments Ltd		Bahamas	100	76
ecorp International Ltd		Bahamas	100	76
PBL Online Pty Limited		Australia	100	76
Pennwin Pty Limited		Australia	100	76
ecorp Finance Pty Limited		Australia	100	76
Prenew Pty Limited		Australia	100	76
Ticketek Pty Ltd		Australia	100	76
BASS New Zealand Limited	D	New Zealand	100	76
Queensland Leisure Ticketing Systems Trust			100	76
Softix Pty Ltd		Australia	100	76
Ticketek Investments Limited		Bahamas	100	76
Ticketek Limited		Hong Kong	100	76

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2003	2002
			%	%
Ticketek Queensland Pty Ltd		Australia	100	76
Ticketek Services Limited	D	New Zealand	100	76
Ticketek New Zealand Limited	D	New Zealand	100	76
Zacchaeus Pty Ltd		Australia	100	76
Ticketek Trust			100	76
Ticketek Victoria Pty Ltd		Australia	100	76
White Whale Pty Ltd		Australia	100	76
Manden Productions Pty Ltd		Australia	100	100
Manpress Pty Ltd		Australia	100	100
Mounts Bay Finance Trust			100	100
Mounts Bay Site Trust			100	100
Westralia Square Finance Trust			100	100
Westralia Square Site Trust			100	100
Sharland Pty Limited		Australia	100	100
Skeat Pty Ltd		Australia	100	100
NTNA Holdings Pty Limited		Australia	100	100
PBL Capital Pty Ltd		Australia	100	100
PBL Enterprises Ltd	C	Australia	100	100
PBL Gaming Management Pty Ltd		Australia	100	100
PBL Gaming Technology Pty Ltd		Australia	100	100
PBL MH Holdings No 1 (CI) Ltd		Cayman Islands	100	100
PBL MH Investor Pty Ltd		Australia	100	100
PBL MH 2 Investor Pty Ltd		Australia	100	100
PBL Management Pty Ltd	C	Australia	100	100
PBL Pay TV Pty Ltd		Australia	100	100
PBL Securities Ltd		Australia	100	100
ACP GP (CI) Limited		Cayman Islands	100	100
ACP Nominees (CI) Limited		Cayman Islands	100	100
PBL (CI) Finance Limited		Cayman Islands	100	100
PBL MH2 Holdings No 1 (CI) Limited		Cayman Islands	100	100
PBL Co-investment No 1 Ltd Liability Company		USA	100	100
PBL Cayman Co-investment No 1 General Partnership		Cayman Islands	100	100
PBL MH Investments No.1 (CI) Ltd		Cayman Islands	100	100
ACP MH Holdings (NZ) Ltd		New Zealand	100	100
PBL MH Investments No.1 Pty Ltd		Australia	100	100
CML Holdings No 1 Pty Ltd		Australia	100	100
Consolidated Magazines Pty Ltd	C	Australia	100	100
Cubwell Pty Ltd		Australia	100	100
TCN Investments Pty Ltd		Australia	100	100
Publishing and Broadcasting International Holdings Ltd	D	Bahamas	100	100
Consolidated Press Asia Pte Limited	D	Singapore	100	100
ACP Asia Pte Ltd (Singapore)	D	Singapore	100	100
ACP Asia Pte Ltd (Malaysia)	D	Malaysia	100	100
Nine Network International Television (SA) Ltd	D	Bahamas	100	100
Ecom.com.Two Limited	A,D	Mauritius	100	-
GTT Property Company Limited	A,D	Thailand	100	-
PBL Capital (Malaysia) Sdn Bhd	D	Malaysia	100	100
Nine Television (Netherlands Antilles) Pty Ltd		Australia	100	100
PBL Financial Services BV	D	Netherlands	100	100
Australian Consolidated Press (UK)	D	UK	100	100
PBL Luxembourg SA	D	Luxembourg	100	100
Publishing International Leisure Ltd	D	Bahamas	100	100
Publishing and Broadcasting Online One Ltd	D	Bahamas	100	100
PBL Gaming (Vanuatu) Ltd	D	Vanuatu	100	100
PBL Gaming Operations (Vanuatu) Ltd	D	Vanuatu	100	100
Publishing and Broadcasting Online Two Ltd	D	Bahamas	100	100
PBL (Mauritius) Ltd	D	Mauritius	100	100
Publishing and Broadcasting International Ltd	D	Bahamas	100	100

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2003	2002
			%	%
PBL Surefire Investment Pty Ltd		Australia	100	100
Publishing and Broadcasting (Finance) Ltd	C	Australia	100	100
Robbdoc Pty Limited		Australia	100	100
Television and Magazine Holdings Pty Ltd		Australia	100	100
Wilfex Pty Limited		Australia	100	100
Windfyr Pty Limited	A	Australia	100	-
Crown Limited	E	Australia	100	100
Cityroad Property Investments Pty Ltd		Australia	100	100
Crown Australia Pty Ltd		Australia	100	100
Crown Resort (China) Pty Ltd		Australia	100	100
Crown Resort Pte Ltd	D	Singapore	100	100
Crown Resort (Thailand) Ltd	D	Thailand	100	100
Crown CPS Holdings Pty Ltd		Australia	100	100
Crown CP Shareholders Trust			100	100
Crown Express Pty Ltd		Australia	100	100
Crown Management Holdings Pty Ltd		Australia	100	100
Crown Management Pty Ltd		Australia	100	100
Live Music Concept Pty Ltd		Australia	100	100
Loller Street Investments Pty Ltd		Australia	100	100
Melbourne Live Pty Ltd		Australia	100	100
OASC (Melbourne) Pty Ltd		Australia	100	100
Ombambo Pty Ltd	B	Australia	50	50
Southbank Investments Pty Ltd		Australia	100	100
Uchino Pty Ltd		Australia	100	100

- A. Control of this entity was acquired during the year ended 30 June 2003.
 B. These entities are 50% owned although through an arrangement with other shareholders PBL has control.
 C. These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 - the "Closed Group" (refer note below).
 D. Controlled entities which are audited by other member firms of Ernst & Young International.
 E. Members of the "Extended Closed Group".
 F. These entities were disposed of during the year ended 30 June 2003.
 G. Controlled entities which are not audited by other member firms of Ernst & Young International.

Pursuant to ASIC Class Order 98/1418 and various deeds of cross guarantee entered into with the parent entity, certain controlled entities of PBL have been granted relief from the Corporations Act 2001 requirements for preparation, audit and publication of accounts.

The consolidated profit and loss statement and balance sheet of the entities which are members of the "Closed Group" and the "Extended Closed Group" for the year ended 30 June 2003 are:

	Closed Group		Extended Closed Group	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Consolidated profit and loss statement				
Profit/(loss) from ordinary activities before income tax	356,182	(461,273)	575,869	74,969
Income tax (expense)/benefit on ordinary activities	<u>(12,862)</u>	<u>21,837</u>	<u>(38,726)</u>	<u>2,344</u>
Net profit/(loss) after income tax	<u>343,320</u>	<u>(439,436)</u>	<u>537,143</u>	<u>77,313</u>
Net (profit) attributable to outside equity interests	(5,253)	(3,011)	(5,253)	(3,011)
Retained profits at the beginning of the financial year	20,139	601,614	648,377	713,103
Retained profits of Entities removed from Closed Group	-	-	(90,012)	-
Prior Year Adjustments to Retained Earnings	72,743	-	72,743	-
Dividends provided for or paid	<u>(145,796)</u>	<u>(139,028)</u>	<u>(145,796)</u>	<u>(139,028)</u>
Retained profits at the end of the financial year	<u>285,153</u>	<u>20,139</u>	<u>1,017,202</u>	<u>648,377</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Closed Group		Extended Closed Group	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Consolidated balance sheet				
Current Assets				
Cash and deposits	354,007	60,545	456,219	349,458
Receivables	319,638	140,825	354,298	275,790
Inventories and program rights	127,201	143,930	133,685	151,614
Other	40,037	58,221	47,397	66,749
Total Current Assets	840,883	403,521	991,599	843,611
Non Current Assets				
Receivables	3,500,485	3,060,482	3,648,948	1,348,956
Inventories and program rights	25,249	11,876	25,249	11,876
Investments	5,209,569	4,715,482	6,239,203	4,097,086
Property, plant and equipment	138,177	141,726	1,360,578	1,336,655
Licences and mastheads	1,733,522	1,618,853	2,003,996	2,291,137
Other	19,726	7,846	190,796	159,162
Total Non Current Assets	10,626,728	9,556,265	13,468,770	9,244,872
Total Assets	11,467,611	9,959,786	14,460,369	10,088,483
Current Liabilities				
Payables	321,527	277,706	463,986	530,248
Interest bearing liabilities	14,231	5,308	14,231	5,308
Provisions	(23,009)	(2,087)	58,423	8,724
Total Current Liabilities	312,749	280,927	536,640	544,280
Non Current Liabilities				
Payables	3,052,731	2,342,167	3,032,271	1,399,375
Interest bearing liabilities	5,088,603	4,669,324	7,026,420	4,738,929
Provisions	101,843	23,589	221,304	133,882
Total Non Current Liabilities	8,243,177	7,035,080	10,279,995	6,272,186
Total Liabilities	8,555,926	7,316,007	10,816,635	6,816,466
Net Assets	2,911,685	2,643,779	3,643,734	3,272,017
Equity				
Contributed equity	2,182,834	2,181,089	2,182,834	2,181,089
Reserves	441,642	441,383	441,642	441,383
Retained profits	285,153	20,139	1,017,202	648,377
Total parent entity interest in equity	2,909,629	2,642,611	3,641,678	3,270,849
Outside equity interest				
Issued capital	653	653	653	653
Retained profits	1,403	515	1,403	515
Total outside equity interest	2,056	1,168	2,056	1,168
Total Equity	2,911,685	2,643,779	3,643,734	3,272,017

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

32. FINANCIAL INSTRUMENTS

(a) Terms and conditions

The consolidated entity's terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised
Financial
Instruments

Note Terms and Conditions

(i) Financial Assets

Receivables	6	The majority of credit sales are on 45 day terms. Gaming cheques can be held for up to 5 banking days for domestic patrons and 20 days for international patrons. In accordance with VCGA requirements, credit can be extended to international patrons, upon completion of a credit approval process.
Receivables - associates	6	Details of terms and conditions are set out in note 30.
Receivables - related parties/entities	6	Details of terms and conditions are set out in note 30.
Bills of exchange and Promissory notes		Average maturity: 17 days (2002: 25 days). Can be liquidated within one day at prevailing market rates.
Treasury notes		Average maturity: 46 days (2002: 23 days). Can be liquidated within one day at prevailing market rates.
Debentures		Average maturity: 6 months (2002: 6 months)

(ii) Financial Liabilities

Bank overdrafts	-	Details of facilities are outlined in note 21. Interest is charged at the banks benchmark rate.
Bank facilities	15	Details of security are outlined in note 21. Details of facilities and maturity are outlined in note 21. Interest is at a margin over floating rates.
Unsecured Notes	15	Interest on unsecured notes is paid bi-annually.
Bills of exchange	15	Details of security are outlined in note 21. Details of facilities and maturity are outlined in note 21. Interest is at a margin over floating rates.
Senior Guaranteed Notes	15	Interest on senior guaranteed notes is paid quarterly.
Medium Term Notes	15	Interest on medium term notes is paid quarterly.
Subordinated Notes	15	Interest on subordinated debt is paid quarterly. Interest is at 2% above the 90 day bank bill swap rate.
Trade and other creditors	14	Trade creditors are normally settled on 30 day terms. Program contract creditors are settled according to the contract negotiated with the program supplier.
Finance lease liability	15	Details of security are outlined in note 15. Other details are disclosed in note 20.
Other loans	15	Interest (where charged) is at a margin over floating rates.

(iii) Equity

Ordinary shares	17	Details of shares issued are outlined in notes 17.
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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

32. FINANCIAL INSTRUMENTS (continued)

Recognised
Financial
Instruments

Note Terms and Conditions

(iv) Derivatives

Forward exchange	At balance date the company had contracts to purchase US\$ and sell A\$ totalling US\$32,645,000 (2002 - US\$16,800,000) at an average rate of US\$ 0.6336 (2001 - US\$ 0.5106). Forward exchange contracts are for no longer than 12 months.
Interest rate swaps	<p>At balance date the consolidated entity had the following interest rate swaps:</p> <ul style="list-style-type: none"> • notional value of \$200 million at an average fixed rate of 5.20% due to expire in April 2004. • notional value of \$150 million at an average fixed rate of 5.34% due to expire in April 2006. • notional value of \$300 million at an average fixed rate of 5.99% due to expire in July 2008. • notional value of \$50 million at an average fixed rate of 5.75% due to expire in April 2009. • notional value of \$100 million at an average fixed rate of 5.75% due to expire in November 2009. The swap knocks out if 90 day BBSW on rate set dates is 8% or higher. • notional value of \$50 million at an average fixed rate of 5.35% due to expire in January 2012. <p>Deferred start swaps:</p> <ul style="list-style-type: none"> • notional value of \$200 million at an average fixed rate of 4.65% commencing 1 July 2003 due to expire in July 2004. • notional value of \$100 million at an average fixed rate of 5.575% commencing 1 July 2005 due to expire in July 2010.
Cross currency swaps	<p>The entity has entered into cross currency swaps to hedge foreign currency exposure and swap interest rate exposure to floating A\$ rates on foreign currency borrowings as follows:</p> <ul style="list-style-type: none"> • €300 million maturing November 2006 at 90 day BBSW plus 1.09% p.a. • US\$205 million maturing May 2005 at 90 day BBSW less 0.20% p.a. • US\$86.5 million maturing September 2009 at 90 day BBSW plus 1.02% p.a. • US\$103.5 million maturing September 2012 at 90 day BBSW plus 1.22% p.a. • US\$75 million maturing September 2014 at 90 day BBSW plus 1.20% p.a.

(b) Net fair values

All carrying values approximate fair value for all recognised financial instruments with the exception of the following class of investment:

	Investment	Carrying Value	Investment	Fair Value
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Listed securities	<u>21,368</u>	<u>60,950</u>	<u>49,306</u>	<u>81,785</u>

The fair value of interest rate swap contracts, being unrecognised financial instruments, are determined as the difference in present value of the future interest cash flows, including the effect of prepaying the fixed rate cash flows for twelve months, amounting to a financial liability of \$28,348,500 (2002: financial asset of \$3,429,825).

The fair value of forward exchange contracts is determined as the recognised gain or loss at balance date calculated by reference to current forward exchange rates for contracts with similar maturity profiles, amounting to a financial liability of \$2,452,595 (2002: \$2,822,050).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

32. FINANCIAL INSTRUMENTS (continued)

(c) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset, other than derivatives, is the carrying amount of those assets as indicated in the Statement of Financial Position.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement.

The consolidated entity's maximum credit risk exposure in relation to these is as follows:

- i) forward exchange contracts - the full amount of the foreign currency PBL will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the company. At reporting date the net amount was A\$Nil (2002 - \$Nil).
- ii) interest rate swap contracts – which is limited to the net fair value of the swap agreement at reporting date, being \$Nil (2002: \$3,429,825).

Credit risk in trade receivables is managed in the following ways:

- The provision of credit is covered by a risk assessment process for all customers.
- Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
- The provision of cheque-cashing facilities for gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world.

(d) Interest Rate Risk

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

Financial Instruments	Floating Interest Rate		Fixed Interest Rate 1 year or less		Fixed Interest Rate Over 1 to 5 years		Fixed Interest Rate more than 5 years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 %	2002 %
Financial Assets														
Cash at bank	78,013	37,875	-	-	-	-	-	-	112,682	57,131	190,695	95,006	4.73%*	4.07%*
Cash on deposit	99,203	83,206	201,026	191,937	-	-	-	-	-	-	300,229	275,143	4.59%	4.73%
Bills of exchange and Promissory notes	341,376	71,271	-	-	-	-	-	-	-	-	341,376	71,271	4.75%	4.93%
Treasury notes	3,000	3,000	-	-	-	-	-	-	-	-	3,000	3,000	4.45%	4.45%
Debentures	2,000	2,000	-	-	-	-	-	-	-	-	2,000	2,000	4.66%	4.57%
Receivables-trade	-	-	-	-	-	-	-	-	363,321	282,974	363,321	282,974	N/A	N/A
Receivables-other	-	-	7,667	3,554	94,387	108,511	600	1,200	24,542	20,481	127,196	133,746	2.31%*	2.14%*
Receivables - associates	17,500	32,500	-	-	-	-	-	-	1,427	5,533	18,927	38,033	5.71%*	5.71%*
Receivables - directors	-	-	2,780	249	27,443	35,412	-	-	6,000	6,000	36,223	41,661	2.21%*	3.25%*
Listed investments	-	-	-	-	-	-	-	-	21,368	60,950	21,368	60,950	N/A	N/A
Unlisted investments	-	-	-	-	-	-	-	-	524,019	555,784	524,019	555,784	N/A	N/A
Total Financial Assets	541,092	229,852	211,473	195,740	121,830	143,923	600	1,200	1,053,359	988,853	1,928,354	1,559,568		

* This rate relates to the interest bearing loans.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2003

32. FINANCIAL INSTRUMENTS (continued)

Financial Instruments	Floating Interest Rate		Fixed Interest Rate 1 year or less		Fixed Interest Rate Over 1 to 5 years		Fixed Interest Rate More than 5 years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 %	2002 %
Financial Liabilities														
Trade and other creditors	-	-	600	600	2,400	2,400	600	1,200	611,739	495,131	615,339	499,331	5.95%*	5.95%*
Bank facilities	38,368	390,200	-	-	-	-	-	-	-	-	38,368	390,200	5.80%	5.32%
Bills of exchange	22,616	22,598	-	-	-	-	-	-	-	-	22,616	22,598	4.83%	4.96%
Unsecured notes	-	-	-	-	210,560	215,420	-	-	-	-	210,560	215,420	9.50%	9.50%
Other loans	328,822	348,230	-	-	-	-	-	-	-	-	328,822	348,230	4.57%	4.53%
Senior guaranteed notes	-	-	-	-	507,357	-	561,531	507,357	-	-	1,068,888	507,357	5.82%	5.71%
Medium term notes	-	-	-	-	250,000	250,000	150,000	150,000	-	-	400,000	400,000	5.45%	5.66%
Subordinated debt	300,000	300,000	-	-	-	-	-	-	-	-	300,000	300,000	6.68%	6.66%
Finance lease/ Hire purchase liability	-	-	4,862	4,874	8,981	14,107	-	-	-	-	13,843	18,981	6.15%	6.15%
Dividends payable	-	-	-	-	-	-	-	-	-	73,278	-	73,278	N/A	N/A
Forward exchange contracts	(48,784)	(30,080)	51,237	32,902	-	-	-	-	-	-	2,453	2,822	N/A	N/A
Interest rate swaps	(1,150,000)	(1,150,000)	200,000	200,000	350,000	500,000	600,000	450,000	-	-	-	-	N/A	N/A
Total Financial Liabilities	(508,978)	(119,052)	256,699	238,376	1,329,298	981,927	1,312,131	1,108,557	611,739	568,409	3,000,889	2,778,217		

* This rate relates to the interest bearing loans.

SHAREHOLDER INFORMATION

Substantial Shareholders

The following information is extracted from substantial shareholder notices received by PBL.

	<u>Number of Ordinary Shares</u>
1. Consolidated Press Holdings Limited	247,572,325
2. Commonwealth Bank of Australia	91,513,135
3. Permanent Trustee Company Limited	63,987,492
4. Perpetual Trustees Australia Limited	61,832,951

All the above substantial shareholders have their shares in a number of shareholdings.

Distribution of Shareholders as at the date of this report:

Size of Holdings	Number of Shareholders	% of Issued Capital
1 - 1,000	37,984	2.57
1,001 - 5,000	12,793	4.19
5,001 - 10,000	997	1.08
10,001 - 100,000	574	2.29
100,000 +	141	89.87
Total	52,489	100.00
Holding less than a marketable parcel	1,772	0.01

The twenty largest shareholders as at the date of this report are:

NAME	NO. OF SHARES	% OF SHARES IN CLASS
1. Bareage Pty Limited	158,486,104	23.94
2. Consolidated Press Holdings Limited	82,813,136	12.51
3. J P Morgan Nominees Australia Limited	41,040,469	6.20
4. RBC Global Services Australia Nominees Pty Limited (PIPooled A/C)	40,722,073	6.15
5. Citicorp Nominees Pty Limited (CFS WSLE Imputation Fnd A/C)	27,992,232	4.23
6. National Nominees Limited	22,838,264	3.45
7. Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	19,817,739	2.99
8. Westpac Custodian Nominees Limited	18,133,939	2.74
9. Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fnd A/C)	14,042,907	2.12
10. Commonwealth Custodial Services Limited	13,303,261	2.01
11. Citicorp Nominees Pty Limited (CFS WSLE Geared Shr Fnd A/C)	12,287,612	1.86
12. ANZ Nominees Limited	12,082,453	1.83
13. Queensland Investment Corporation	11,921,053	1.80
14. WIN Television NSW Pty Ltd	10,231,334	1.55
15. Citicorp Nominees Pty Limited (CFS WSLE Industrial Shr A/C)	8,498,154	1.28
16. Westpac Custodian Nominees Limited (Foreign Account)	8,149,622	1.23
17. MLC Limited	7,180,916	1.08
18. Citicorp Nominees Pty Limited (CFS WSLE Leaders Fund A/C)	6,535,192	0.99
19. RBC Global Services Australia Nominees Pty Limited (PIIC A/C)	6,432,622	0.97
20. Citicorp Nominees Pty Limited	5,596,162	0.85
Top 20 Holders	528,105,244	79.78
Others	133,819,756	20.22
	661,925,000	100.00

SHAREHOLDER INFORMATION (CONTINUED)

Voting Rights of Ordinary Shares

The voting rights attaching to the shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- c) on a show of hands, one vote only;
- d) on a poll, one vote for every fully paid ordinary share held.

Stock Exchange Listing

PBL's ordinary shares and Perpetual Adjusting Rate Securities (PARS) are listed on the Australian Stock Exchange under the codes "PBL" and "PBLHA" respectively. The home exchange is Sydney.

Additional Information

Shareholder Enquiries

Shareholders may access their details by visiting the Share Registry's website at www.computershare.com. For security reasons, shareholders need to enter their Securityholder Reference Number (SRN) or Holding Identification Number (HIN), family name and postcode to access personal information. If you wish to make any change to your details, such as a change of name or address, or notify of your tax file number or direct credit instructions, simply download and print the relevant forms. The completed forms should be mailed to the Share Registry.

Shareholders with queries about their shareholdings should contact the Share Registry, Computershare Investor Services, on telephone number 1800 269 981 or if calling from outside Australia, (6 13) 9649 5215 or by fax (6 12) 8234 5050.

Change of Address

Issuer sponsored shareholders should notify the Share Registry in writing immediately upon any change in their address quoting their SRN. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate HIN.

Direct Payment to Shareholders' Accounts

Dividends may be paid directly to any bank, building society or credit union account in Australia. Payments are electronically credited on the dividend date with advisory confirmation containing payment details mailed to shareholders. Shareholders who wish to have their dividends paid directly to their account should advise the Share Registry in writing.

Removal from Annual Report Mailing List

Shareholders who do not wish to receive the annual report should advise the Share Registry in writing. Alternatively, shareholders may lodge the instruction online by visiting the Share Registry's website at www.computershare.com. For security reasons, you will need to enter your SRN or HIN, family name and postcode to access your holding. There is an option for shareholders who do not want hard copies to be notified by email when PBL's annual reports are posted on PBL's website, www.pbl.com.au.

Shareholders who opt not to receive a hard copy of the annual report will continue to receive all other shareholder information.

Tax File Numbers

PBL is obliged to deduct tax at the top marginal rate plus Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not provided their Tax File Number (TFN) or exemption details. If you wish to provide your TFN or exemption details, please contact the Share Registry.

Consolidation of Multiple Holdings

If you have multiple holdings which you wish to consolidate, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

PUBLISHING AND BROADCASTING LIMITED

PRINCIPAL OFFICES

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General Television Corporation Pty Limited
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Fax: (03) 9429 3670

Queensland Television Limited
Sir Samuel Griffith Drive
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Fax: (07) 3214 9939

Territory Television Pty Limited
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Darwin NT 0820
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Fax: (08) 8981 6802

Channel 9 Canberra Bureau
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Parliament House, ACT 2600
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Ticketek New Zealand Limited
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PAPUA NEW GUINEA

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NCD, Port Moresby
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