

**PUBLISHING AND BROADCASTING
LIMITED**

A.B.N. 52 009 071 167

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004



Corporate Information

Directors

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

Chief Executive Officer, PBL Enterprises & Group General Counsel

James L McLachlan BSc, LLB, LLM

Chief Executive Officer, Nine Network Australia

David L Gyngell

Deputy Chief Executive Officer, Australian Consolidated Press

David R Gardiner BBus, ACA, MICD

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 2000 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 2000
Telephone: 1 800 269 981 (within Australia)
(61 3) 9415 4000 (from overseas)
Facsimile: (61 3) 9473 2500
Website: www.computershare.com

Financial Calendar

2004

Shares quoted "ex" dividend	24 September
Record date for final dividend	30 September
Dividend payment	15 October
Annual General Meeting	26 October

2005

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

Annual General Meeting

The 2004 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 Tuesday, 26 October 2004 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 2004.

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 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 3) 9473 2500. 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 existence of a Board convened Corporate Governance Committee, whose purpose is to review and develop corporate governance policies which are appropriate for the Company.

The Board has reviewed the ASX Corporate Governance Council's 10 Principles of Good Corporate Governance and Best Practice Recommendations. There are some Best Practice Recommendations that the Company has not adopted and the reasons are noted.

The Board has in place corporate governance practices that it considers to be the most appropriate for PBL. The Board also recognises that corporate governance is not a static matter, and needs reviewing regularly as a company evolves.

This statement describes the main corporate governance practices in place during 2004.

The PBL corporate website contains information on the Company's corporate governance practices and is located at: www.pbl.com.au

On the home page of the corporate website, select the **Investor Info** button from the menu. This will open a further menu, from which the **Corporate Governance** button should be selected.

BOARD OF DIRECTORS

The Board of Directors is responsible for guiding and monitoring PBL on behalf of the shareholders, by whom they are elected and to whom they are accountable.

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

While at all times the Board retains full responsibility for guiding and monitoring PBL, in discharging its stewardship it makes use of Sub-Committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established a number of Committees which are detailed on page 7 of this report.

MATTERS RESERVED FOR THE BOARD

- In conjunction with management, establish a vision and strategies for PBL.
- Approval of the annual business plan.
- Approval of specific items of capital expenditure items and investments and disinvestments in excess of \$10 million.
- Appointing and approving the terms and conditions of appointment of the CEO and CFO.
- Termination of the CEO and CFO.
- Approval of remuneration policies.
- Approval of the half year and full year financial statements.
- Approval of the interim and final dividends to shareholders.
- Approval of any significant changes to accounting policies.
- Terms of reference and membership of Board Sub-Committees.
- The appointment of Directors to, and removal of Directors from the Board.
- Approval of the following policies:
 - Health and Safety
 - Treasury Policy
 - Risk Management
 - Securities Trading
 - Continuous Disclosure
 - Communications
 - Code of Conduct
- Other matters as determined from time-to-time by the Board.

Those matters not specifically reserved for the Board are the responsibility of management, but are subject to oversight by the Board.

STRUCTURE OF THE BOARD

At the date of this report the Board comprises twelve Directors and includes:

- six independent Non-Executive Directors,
- two Non-Independent, Non-Executive Directors, and
- four Executive Directors,

Chairman of the Board is Mr James Packer, while the PBL Chief Executive Officer is Mr John Alexander.

Board members' qualifications, skills and experience along with their date of appointment as a Director and the date by which they must face re-election, are detailed on page 21 of this report.

The remuneration paid to PBL Directors for the year ended 30 June 2004 is set out on page 25.

Independence of Directors

At each Board meeting the Board requires each independent Director to disclose any new information which could, or could reasonably be perceived, to impair the Director's independence. Independence is determined according to the following criteria:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company,
- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment,
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided,
- is not a material supplier or customer to the PBL group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer,
- has no material contractual relationship with the PBL group other than as a Director of the Company, and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of PBL.

Materiality thresholds

Materiality thresholds for determining the independence of Non-Executive Directors are:

For Directors:

- any other relationship which accounts for more than 20 percent of his/ her gross income,
- if the relationship is with an entity in which the Director, or any associate, has more than a 20 percent economic interest if a private entity or 10 percent shareholding if a listed entity.

For PBL:

- in respect of fees paid in excess of \$2 million to advisers or consultants,
- in respect of customers, where PBL supplies products or services in excess of \$2 million per annum,
- in respect of suppliers, where PBL purchases goods or services in excess of \$2 million per annum.

Non-compliance

During the year there has not been a majority of PBL Directors who are classified as being independent. Additionally, the Chairman of PBL was not an Independent Director.

The Board believes that the interests of shareholders are best served by:

- Directors having the appropriate skills and experience,
- a number of Directors being independent, per the criteria set out above under the heading *Independence of Directors*, and

- appointing a Chairman that would be sanctioned by shareholders and who will act in the best interests of all shareholders.

Where any Director has a material personal interest in a matter, other than as a shareholder, the Director will not be permitted to vote on the matter. The enforcement of this requirement should ensure that the interest of shareholders as a whole are pursued, and not jeopardised by a lack of a majority of independent Directors.

Independent Advice

To enable PBL's Board and its Sub-Committees to fulfill their roles it is considered appropriate that independent experts' advice may be obtained at the company's expense, after first indicating to the Board chairman the nature of the advice to be sought and the party from whom the advice is to be sought.

The Chairman will ensure that the party from whom the advice is to be sought has no conflict with PBL, and he will also approve for payment all invoices in relation to the advice.

Re-election of Directors

In accordance with the PBL's constitution, at each Annual General Meeting ("AGM") of PBL, a number of the 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 without standing for re-election, 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.

Selection and Appointment of Directors

In the circumstances where the PBL Board determines there is a need to appoint a director, whether due to the retirement of a director, growth of the Company, or changed circumstances of PBL or its environment, certain procedures will be followed, including the following:

- Determination of the skills and experience appropriate for an appointee, having regard to those of the existing Directors and any other likely changes to the Board,
- Upon identifying a potential appointee, consider their competencies and qualifications, independence, other directorships, time availability, and the effect that their appointment would have on the overall balance of the composition of the Board, and
- All existing Board members consenting to the proposed appointee.

Non Compliance

The Board does not consider that the existing process for determining potential Directors would be enhanced by the formation of a Nomination Committee, since the appointment of any new Board member requires the consent of all existing Board members. This was demonstrated by the most recent appointment of two Non-Executive Directors to the PBL Board, Mr Chris Anderson and Mr Sam Chisholm, who were appointed under the existing process. Messrs Anderson and Chisholm bring to the PBL Board highly relevant knowledge and skills gained from a wealth of experience.

Board Sub-Committees

The Board has established a number of Committees to assist in the execution of its responsibilities. Where appropriate, the Board Committees schedule a program of meetings at the beginning of each year, and after each Sub-Committee meeting report to the Board at the next available Board meeting. 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
- Treasury Committee

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

Board Sub-Committees

Audit Committee

Details of the Board convened Audit Committee is included on page 11 of this report.

Corporate Governance Committee

The role of the Corporate Governance 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 Robert Whyte, Non-Executive Director of PBL, and
- Mr Graham Cubbin, Non-Independent 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.

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,
- Mrs Rowena Danziger, Non-Executive Director of PBL, and
- Mr Graham Cubbin, Non-Independent Non-Executive Director 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

The PBL Occupational Health and Safety (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, and
- Mr Graham Cubbin, Non-Independent Non-Executive Director 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 Deputy Executive Chairman of PBL
- James Packer, Executive Chairman of PBL, and
- Ashok Jacob, Non-Independent 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

Details of the Board convened Remuneration Committee is included on page 17 of this report.

Board 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 is disclosed in the Directors' Report on page 26 of this report.

CEO's Executive Committees

PBL'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 and PBL Enterprises, as well as the heads of each of PBL's core support functions – Finance, Human Resources, and Information Technology, continued to meet monthly throughout the year.

Treasury Committee – This Committee comprises 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.

CODE OF CONDUCT FOR PBL DIRECTORS

The purpose of the Code of Conduct for PBL's Directors is to ensure they have a clear understanding of the Company's expectations of their conduct.

- A Director must act honestly, in good faith and in the best interests of PBL as a whole,
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office,
- A Director must use the powers of office for a proper purpose, in the best interests of PBL as a whole,
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole, but should where appropriate have regard for the interests of all PBL's stakeholders,
- A Director must not make improper use of information acquired as a Director,
- A Director must not take improper advantage of the position of Director,
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of PBL,
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of Directors,
- Confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company, and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company or is required by law,
- A Director should not engage in conduct likely to bring discredit upon PBL,
- A Director has an obligation at all times to comply with the spirit as well as the letter of the law, and with the principles of this Code, and
- A Director must encourage the reporting and investigating of unlawful and unethical behaviour.

SECURITIES TRADING POLICY

The PBL Securities Trading Policy regulates dealings by PBL Directors and employees in shares and other securities issued by PBL.

In order to preserve the reputation and integrity of PBL, it is vital that when people associated with PBL deal in the Company's securities those dealings are not only fair, but are seen to be fair. When Directors and employees deal in

securities of PBL they must be sure that it does not reflect badly on them or PBL.

The rationale for the Policy is to ensure that PBL employees are aware of the legal restrictions on trading PBL securities while a person is in possession of unpublished PBL price-sensitive information.

Standards

All Directors and employees should ensure that all transactions in Company shares or other securities comply with:

- *The Corporations Act 2001* and regulations (particularly the insider trading provisions in *s 1002G*)
- the Australian Stock Exchange Ltd Listing rules (particularly the continuous disclosure requirements in *rule 3.1*).

The only securities of the Company to which this policy applies currently are the Ordinary shares issued by PBL.

General restrictions on trading

Directors and employees:

- must not engage in short term trading of any PBL shares (ie. buy and sell shares within a 12 month period)
- must not trade in any PBL shares while that person is in possession of unpublished price-sensitive information (ie. inside information).

PBL price-sensitive information is information which a reasonable person would expect to have a material effect on the price or value of PBL's securities.

Closed periods for Trading

Under the Policy, the following periods are 'black-out periods' for Directors and employees trading in PBL's shares:

- 1 December up to and including the day on which the half-year results are released; and
- 1 June up to and including the day on which the yearly results are released.

Shares issued under PBL Executive Share Plan ("ESP")

Shares issued under the PBL ESP can only be traded in accordance with the rules of the ESP. The plan rules were approved by shareholders of PBL at the 1994 Annual General Meeting and provide that vested shares can be sold only during the 28 days after the announcement of PBL's half-year and full year results, other than when a participating executive leaves the employ of PBL.

Under the rules of PBL ESP, non-executive Directors cannot participate in the plan, and Messrs Kerry Packer and James Packer are specifically excluded from participating in the ESP.

Exemption

In exceptional circumstances clearance may be given for a Director or an employee to sell (but not to purchase) shares when he/she would otherwise be prohibited from doing so, but not while a matter exists which constitutes unpublished price-sensitive information in relation to the PBL's shares.

Policy responsibility

Each Director and employee is responsible for adhering to PBL's ethical standard for trading in PBL's shares.

The Company Secretary has responsibility for maintaining the policy.

Insider trading

The requirements imposed by the Policy are separate from, and additional to, the legal prohibitions in the *Corporations Act* on insider trading.

AUDIT COMMITTEE

PBL has a Board convened Audit Committee which:

- is comprised of only Non-Executive Directors of PBL,
- has a majority of independent Directors, and
- has a Chairman, who is not Chairman of the Board of PBL.

Members of the Committee include:

- Mr Rick Turner BEc, FCA, Chairman of the Committee and a Non-Executive Director of PBL,
- Mrs Rowena Danziger BA, DipEd (Qld) MACE, Non-Executive Director of PBL, and
- Mr Graham Cubbin BEc (Hons), Non-Independent Non-Executive Director of PBL

The attendance of members of the Committee at Committee meetings held during the year is shown on page 26 of this report.

AUDIT COMMITTEE CHARTER

The purpose of this charter is to govern the operations of the Publishing and Broadcasting Limited Audit Committee ("**Committee**"). The Committee reviews this charter at least annually and refer any proposed changes to the PBL Corporate Governance Committee for approval.

Membership of the Committee

Committee members ("**members**") will be appointed by the Board of Directors of PBL ("**Board**"), and the Committee will at all times include a minimum of three directors independent of the management of PBL. Independence of a Committee member will be determined by reference to any relationship between the member and PBL which could affect the member exercising independent judgment. The only compensation to members will be fees paid to them as a Director of PBL and for acting as a member of this Committee.

Members will have a range of diverse and yet complementary skills and the Chair of the Committee should have a significant background in the accounting and or financial management disciplines.

Purpose of the Committee

The Committee assists the Board fulfill its Corporate Governance responsibilities in relation to PBL's:

- external financial reporting,
- risk management systems; and
- the external audit function.

In carrying out these functions, the Committee will maintain unobstructed lines of communication between the Committee, the external auditors and PBL's management. The Committee has full access to PBL's management and employees, and is able to engage any external independent counsel or advisers it feels appropriate in order to assist the Committee fulfill its functions.

Meeting Frequency

The Committee will meet at least twice annually and additionally as required. One of the main purposes of those Committee meetings is to:

- Approve and recommend to the Board the half year financial report of PBL, and
- Approve and recommend to the Board the full year financial report of PBL.

In addition, the Committee will meet with PBL's external auditors, independently from any management of PBL, as it feels appropriate.

Duties and Responsibilities of the Committee

External Financial Reporting

The main responsibility of the Committee is to oversee the process of PBL's external financial reporting on behalf of the Board and to convey its observations to the Board. In particular, the Committee will review the full year ASX Appendix 4E and half year ASX Appendix 4D, prior to submission to the Board.

The ultimate responsibility for PBL's accounting policies and external financial reports lies with the Board. The Committee can recommend changes in accounting policies to the Board as it feels appropriate, and the external auditor should provide any opinion on the appropriateness of any change in accounting policy for the Committee.

Assessing accounting, financial and internal controls

The Committee will discuss with the external auditors and management:

- the effectiveness of PBL's accounting and financial controls,
- PBL's ability to assess, monitor and manage risk as well as the various regulatory regimes that effect PBL, and
- the report to the Committee and the Board from the external auditors on the results of the audit. The Committee will report to the Board on any significant unresolved differences of opinion over PBL's external financial reporting, between PBL's management and the external auditors.

Appointment of the external auditors

The Committee will be responsible for recommending to the Board the appointment, reappointment and removal of the external auditors.

Independence of the external auditors

The Committee will periodically review the independence of the external auditors, having regard to any relationships with PBL beyond the external audit function that could impair the external auditor's independence or judgment of PBL. The Committee will consider annually any non-audit services provided by the external auditor to determine whether the provision of those non-audit services is compatible with the independence of the external auditor.

External audit scope

The Committee will review the scope and materiality level of the external audit with the external auditors, and will have particular regard to any areas of identified risk.

End of Audit Committee Charter

Rotation of the External Audit Engagement Partners

PBL's external auditor, Ernst & Young has an internal policy which requires the engagement partner to rotate every five years.

CEO and CFO Sign-off to the Board in respect of PBL's Financial Statements

The sign-off required from the CEO and CFO that PBL's financial reports present a true and fair view, in all material respects, of PBL's financial condition and operational results in accordance with the relevant Accounting Standards, is contained within the representations required as part of Recommendation 7.2 of the ASX Corporate Governance Council's Principles of Good Corporate Governance.

PBL obtains a similar sign-off from each of the divisional CEO's and CFO's in respect of their division's financial accounting packages.

CONTINUOUS DISCLOSURE POLICY

Guiding principle

PBL is committed to complying with the continuous disclosure obligations of the *Corporations Act 2001* and the listing rules of Australian Stock Exchange Limited (ASX).

Purpose

The Continuous Disclosure Policy is designed to ensure that:

- there is full and timely disclosure of PBL's activities to shareholders and the market, in accordance with PBL's legal and regulatory obligations; and
- all stakeholders (including shareholders, the market and other interested parties) have an equal opportunity to receive and obtain externally available information issued by PBL.

The Policy is reviewed regularly to consider any legislative or regulatory requirements or 'best practice' developments.

Accountabilities and responsibilities

For administrative convenience, PBL has nominated the Company Secretary as the person responsible for communication with ASX. In addition, the Company Secretary has responsibility for overseeing and co-ordinating disclosure of information to the ASX and communicating with the Chief Executive Officer and Chief Financial Officer in relation to continuous disclosure matters.

The PBL Chief Executive Officer is responsible for overseeing and co-ordinating disclosure of information to the media and to analysts, brokers and shareholders and communicating with the Company Secretary in relation to continuous disclosure matters.

Responsibility for reviewing disclosure issues arising from open or one-on-one briefings with either the financial market or media representatives lies with the presenter.

The Chief Executive Officer of each of PBL's businesses is responsible for communicating with the PBL Chief Executive Officer and Company Secretary in relation to matters which arise in connection with their business which may be price sensitive to PBL.

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 PBL Executive Committee members have been made aware of the elements of the continuous disclosure procedure, including the requirement that the PBL Chief Executive Officer be promptly notified of any proposed or unintended disclosure of information which could be price sensitive.

Disclosure principle

In order to ensure PBL meets its obligations of timely disclosure of such information, the Company adheres to the following practices:

- Immediate notification to the ASX of information concerning PBL that a reasonable person would expect to have a material effect on the price or value of PBL's securities as prescribed under *Listing Rule 3.1*, except where such information is not required to be disclosed in accordance with the exception provisions of the listing rules, and
- All information that PBL discloses to the ASX is placed on the PBL's corporate web site as soon as practicable following receipt of confirmation from ASX.

External communications

Under this Policy, only those PBL employees who have been authorised by the Chief Executive Officer can speak on behalf of PBL to the media, analysts or investors.

PBL will not disclose price sensitive information to any investor or analyst before formally disclosing the information to the market.

Because of PBL's obligation to notify the ASX before giving price sensitive information to any other party, PBL will not release price sensitive information under an embargo arrangement.

Release of briefing materials/Media Releases

All draft PBL media releases and external presentations are reviewed by senior management to determine if they are subject to the continuous disclosure requirements. The purpose of that review is to ensure:

- the factual accuracy of any information,
- there is no material omission of information,
- that wherever possible we have used language which is clear and objective, in order to allow investors to assess the impact of the information, and
- that the information will be disclosed in a timely manner.

As a result of that review, any written materials containing price sensitive information to be used in briefing media, institutional investors or analysts, must be lodged with the ASX prior to the briefing commencing. As soon as practicable after confirmation of receipt by ASX, the briefing material is posted to the PBL's corporate web site. Briefing materials may also include information that may not strictly be required under continuous disclosure requirements.

Media releases that contain price sensitive information, including the half yearly and yearly financial reports, and any Chairman's address to be made at a meeting of PBL's shareholders, will also be lodged with the ASX and as soon as practicable after confirmation of receipt by the ASX, these releases will be posted to the PBL's corporate web site.

COMMUNICATIONS POLICY

The PBL Board of Directors aims to ensure that the Company's shareholders are informed of all major developments affecting the PBL's state of affairs.

Information is communicated to shareholders through:

- the full financial report and the concise annual report. All shareholders are sent a copy of the concise annual report, unless they have elected not to receive one, and a copy of the full financial report is available, on request.
- disclosures made to the Australian Stock Exchange. PBL endeavours to post all announcements on its corporate website the same day they are released to the ASX.
- notices and explanatory memoranda of each Annual General Meeting (AGM) or other meeting of shareholders. Each notice of meeting will be posted on the PBL corporate website.

PBL will use plain English in drafting any notice of meeting to shareholders, and the forms for appointment of a proxy or proxies will explain how the chairperson of the meeting intends to vote undirected proxies. In addition, any notice of meeting will provide clear guidance on the directors' recommendations for each resolution.

In relation to resolutions to be considered at a meeting of shareholders, resolutions will not be bundled unless they are interdependent, and any resolutions for the election or re-election of directors will be considered separately.

- the AGM. The Company encourages shareholders to attend the Company's AGM to canvass relevant issues of interest. If shareholders are unable to attend general meetings personally, they are encouraged to participate through the appointment of a proxy or proxies. PBL endeavours to set the timing and location of the AGM or any other shareholders' meeting so that it is convenient for shareholders generally. The PBL Company Secretary will be present at all meetings of shareholders. 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
- the corporate website of PBL, which can be located at the following internet address:

www.pbl.com.au

This website has a dedicated **Investor Info** section which is intended to facilitate quick and easy access for shareholders to publicly available information in a commonly available format capable of electronic access. The corporate website will contain:

- the concise and full financial reports of PBL for at least the last four years,
- all media releases made to the ASX by PBL for at least the last four years. Each media release posted to the website shows clearly the date it was released to the market.
- results announcements for at least the last four years
- a Company profile and a link to the website of each of PBL's major businesses, and
- contact details for each of the PBL's major offices worldwide.

Any concise and full financial report and half and full year's financial results other than the most current, will be located under the **Reports and Presentations** button within the **Investor Info** section of the corporate website.

PBL will post all information it lodges with the ASX to the corporate website as soon as practicable after receiving confirmation of the release from the ASX.

Attendance of the external auditor at the PBL AGM

It is both PBL's policy and the policy of the auditor for the lead engagement partner to be present at the AGM to answer questions about the conduct of the audit and the preparation and content of the auditors' report. Shareholders attending the AGM are made aware they can ask questions of the auditor concerning the conduct of the audit.

RISK MANAGEMENT

During the year PBL has established a sound framework of risk oversight and management, developed in accordance with the Board's Risk Management Policy. When combined with the existing internal controls in place within PBL, the Company had, with effect from 1 April 2004, a risk management system which can identify, assess, monitor and manage risk, and will allow PBL to inform the market of material changes to the Company's risk profile.

Based on the risk management system and internal controls in place from 1 April 2004, the CEO and CFO of the Company have been able to provide the undertakings pursuant to the ASX Corporate Governance Council's Best Practice Recommendation 7.2 that:

- the statement given in accordance with Best Practice Recommendation 4.1 (the integrity of the financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and
- The Company's risk management and internal compliance and control system was operating efficiently and effectively in all material respects from 1 April 2004.

RISK MANAGEMENT POLICY

Oversight of Risk Management

While the PBL Board assumes ultimate responsibility for the risk management of PBL, it has delegated to the PBL Audit Committee the oversight responsibility for risk management and internal control of the Company. The PBL Audit Committee will review each year the effectiveness of the Company's risk management systems and will report its findings to the PBL Board.

To build a culture of risk awareness and a sense of ownership of risk, each of the major businesses within PBL, including Corporate, will have a Risk Management Committee, which is responsible for maintaining and reviewing the divisional risk profile on a regular basis.

Risk Profile

PBL has Risk Registers in place across all major operating businesses, including Corporate, which catalogue material risks, both financial and non-financial, to each business. The preparation and maintenance of the Risk Registers is the responsibility of the divisional Risk Management Committees and are reviewed on a regular basis by divisional CEO's, senior Corporate executives and the PBL Audit Committee. The purpose of this is to ensure the Risk Registers remain relevant to the changing nature of all of our major businesses and to ensure that appropriate action is taken where necessary.

Across PBL's businesses, the Risk Registers include a description of identified material risks, the likelihood and impact of each risk, as well as the response to identified risks, be that avoidance of, a reduction of, a sharing of; or an acceptance of the risk. Identifiable risk mitigation strategies are recorded.

Each major business of PBL reports regularly to PBL Corporate noting any changes to their divisional risk profile.

Risk Management and Compliance Control

Each of the major businesses within PBL are responsible for identifying, assessing and managing material risks to their business through their divisional Risk Management Committee. The divisional Risk Management Committees include senior managers with a strong understanding of their business, and who are best equipped to identify the risks associated with their business.

While PBL does not have a group-wide internal audit function, to ensure effective internal control across PBL's major businesses, the Company has in place a number of accountability checks and balances including a rigorous budgeting and review process and monthly divisional management meetings with significant involvement from Corporate. As an additional layer of accountability there is a monthly CEO's Executive Committee meeting, which includes the CEO's of each of PBL's major businesses as well as the head of each of PBL's core support functions – Finance, Human Resources and Information Technology.

A number of functions across the group are managed, and the risks associated with those functions, by either a Board convened Sub-Committee, such as the Occupational Health and Safety and Investment Committees, or Executive Committee, such as the Executive Compensation or Treasury Committees.

Assessment of Effectiveness

PBL does not have a group-wide internal audit function, and the Company will engage an independent external party to review at least annually the Company's risk management system, and the Company's recording of, and testing of, key financial controls which impact the Company's financial statements, and provide a report to PBL's Audit Committee.

BOARD AND DIRECTOR, AND BOARD COMMITTEE PERFORMANCE EVALUATION

Non Compliance

The Board and its Committees have not conducted a performance evaluation during the year. However, at the time of preparing this annual report, the Board and its Committees are preparing to undertake a performance evaluation. This will take the form of an assessment questionnaire to each Board and Committee Member with questions covering the role, composition, procedures and practices of the Board and its Committees. The responses to the questionnaire will be confidential to each Board / Committee member and the Chairman.

Board Induction

The Company has developed an induction process to allow new Board members to participate fully and actively in Board decision-making at the earliest opportunity.

The induction provides:

- an understanding of each of PBL's businesses and the markets in which we operate,
- a review and understanding of PBL's major investments including any joint ventures in which PBL has an interest,
- a review of PBL's constitution, Board procedures and matters reserved for the Board,
- a review of PBL's major risks and risk management strategy,
- the key performance indicators relevant to PBL's businesses, and
- an overview of the various regulatory environments in which PBL operates.

Role of the Company Secretary and the Board's access to information

All Directors have unrestricted access to the Company Secretary of PBL.

The Company Secretary is responsible for advising the Board on all governance matters, and is Secretary to all Board Committees.

The Company Secretary is responsible for coordinating the completion and despatch of the agenda and Board papers for each meeting, and ensuring the Board receives sufficient information and in a form and timeframe to enable the Board to discharge its duties effectively.

The Board takes independent professional advice on any issue if it feels necessary in order to exercise sound judgement, and non-executive Directors are encouraged to seek clarification or amplification of any issue under consideration.

Board Agendas and Minutes

Agendas for Board meetings include all matters operational, financial, strategic and compliance which are important to PBL. The PBL CEO and the CEO of each of PBL's major businesses provide a written report to the Board as part of the papers which are distributed prior to each Board meeting. While most agenda items have a degree of detail and background information included in the pre-meeting papers, a few items may be listed on the agenda as discussion points. Papers are distributed to Board members in a timely manner prior to each meeting of the Board.

The minutes of each meeting of the Board record the place, date, time of commencement and conclusion, along with the names of all attendees and any apologies. The Company Secretary prepares the minutes of each meeting of the Board and is expected to use language which is non-emotive and impartial. All draft minutes will be set down for review and approval at the next meeting of the Board. The Company Secretary maintains a file copy of all papers circulated to the Board prior to Board meetings, along with any documents tabled at meetings and a signed copy of all minutes. These records are held in a secure manner so as to prevent any unauthorised amendments or alterations.

Directors' Indemnity and Insurance

Under Part 12 of PBL's constitution, the Company is required to provide certain indemnities to each Director and Officer of PBL in connection with legal actions which arise out of their conduct undertaken in their capacity as a Director or Officer of PBL.

During the year PBL paid a premium for Directors' and Officers' liability insurance policies, which covers all Directors and Officers of the PBL Group against:

- the liabilities arising from defending civil or criminal proceedings arising out of their capacity as a PBL Director or Officer, unless the liability arises out of conduct involving wilful misconduct or reckless behaviour or a lack of good faith; and
- the costs and expenses incurred in successfully defending legal proceedings arising out of conduct undertaken in their capacity as a Director or Officer of PBL

The Directors listed on page 21 have the benefit of the indemnity in Part 12 of the PBL constitution, which also applies to all Officers of PBL.

Details of the nature of liabilities covered, and the amount of the premium paid in respect of the Directors' and Officers' insurance policies are not disclosed, as disclosure is strictly prohibited under the terms of the insurance agreements.

EXECUTIVE REMUNERATION

In relation to PBL's executives, the Company's remuneration policy is to ensure that executive remuneration packages properly reflect a person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating executives of the highest calibre.

As a result, remuneration packages for Executive Directors and senior executives include a mix of fixed, as well as performance based remuneration.

The fixed remuneration is determined with reference to available market data, considering the scope and any unique aspects of an executive's role, along with the performance of the executive in the role.

The performance based remuneration for the majority of executives across the PBL group is linked to comparison against key performance indicators which are set at the beginning of the year.

The total remuneration package for executives includes superannuation and other non-cash benefits to reflect the Total Employment Cost (TEC) to the Company, inclusive of any fringe benefits tax.

While senior executives may be offered participation in PBL's Executive Share Plan (ESP), there have been no issues under the ESP during this year.

Disclosure of Directors' and Executives' Remuneration

Details of the nature and amount of each major element of the remuneration of each Director of PBL and each of the five named Executives of the PBL Group are disclosed at page 25 in this report.

The review of the remuneration of the Company's Chief Executive Officer is performed by the Chairman and Deputy Chairman.

The review of the remuneration of senior executives is performed by the Chairman, Deputy Chairman and the Chief Executive Officer.

PBL does not have any options on issue.

Arrangements affecting Specified Directors' and Specified Executives Remuneration in future periods

The majority of the group comprising Mr John Alexander, Mr Rowen Craigie and the Specified Executives (the Group), are employed under service agreements with the Company. In addition to base salary, non-monetary benefits and superannuation, executives within the Group will retain statutory entitlements including Annual Leave, Long Service Leave and Sick Leave. There are no guaranteed performance based payments for executives within the Group, except for Mr James McLachlan, which is \$100,000 in respect of the financial year ending 30th June 2005.

In the event that PBL terminates the service agreement with an executive from the Group for reasons outside the control of the Group member, severance payments of 12 months are payable, except for Mr James McLachlan, whose agreement provides for a minimum 24 months severance payment.

Any discretionary payments relating to the redundancy or retirement of any executive from the Group would be determined by the Chairman and Deputy Chairman.

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, Chairman of the Committee and Deputy Executive Chairman 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. In forming a view of the appropriate level of Board fees to be paid to Non-Executive Board members, the Committee will have regard to the advice of external and independent experts in the field of remuneration planning.

While the Committee is chaired by Mr Kerry Packer, who is not an independent Director of the Company, he receives no remuneration from PBL, and on that basis the Board considers it appropriate that he Chair this Committee.

The attendance of members of the Committee at Committee meetings held during the year is shown on page 26 of this report.

NON COMPLIANCE

While the Company has a Remuneration Committee, its composition and responsibilities are not consistent with the requirements of the ASX Corporate Governance Council's Best Practice Recommendation 9.2.

The Board considers that the existing processes in place in relation to Executive Remuneration achieve the outcomes embodied in Best Practice Recommendation 9.2.

Non-Executive Directors' ("NED's") Remuneration

The Consolidated Press Holdings Limited ("CPH") nominated NED's do not receive any remuneration from PBL.

PBL's NED's, excluding those nominated by CPH, are remunerated by way of:

- a fixed amount of Directors' fees per annum, which is paid in cash. The aggregate of fees paid to PBL's NED's is within the \$1.0 million cap approved by the shareholders of PBL at the 2003 AGM, and
- superannuation at the rate prescribed under the Superannuation Guarantee legislation.

PBL's NEDs do not participate in any remuneration scheme designed for PBL's executives and do not receive any bonus payments or any equity based compensation.

While PBL does not have any retirement scheme for NED's, the Executive Chairman and Executive Deputy Chairman may consider making a payment to a retiring NED, and will have regard to the length of service and contribution of the retiring NED, and will consider the appropriateness and reasonableness of the amount in the light of payments made in companies of a size comparable to PBL.

The amounts and elements of NED's remuneration is set out on page 25 of this report.

Equity-based remuneration

PBL has in place an Executive Share Plan ("ESP") which was approved by shareholders at the 1994 AGM. Details of the plan are available in note 23 of the this Report.

Only executives of the Company can participate in the ESP and Messrs James Packer and Kerry Packer are specifically excluded from participating in the plan.

To maximise the entitlement and value they receive from shares issued pursuant to the ESP, an executive must remain with the company for 5 years, and the share price of the Company must have increased over that period, because an executive is entitled to only the increase in share value above the issue price. Issue price is determined at the time a grant of shares is made and is based on a non-discounted volume weighted average market price. PBL believes this is an incentive for the executive to remain with the company over the medium term, and aligns the interests of the executives with that of shareholders.

It is the Board's present intention not to make any further issues under the ESP.

The Executive Chairman and Executive Deputy Chairman will review from time to time the form of PBL's equity based compensation, to ensure it allows the Company to attract and retain capable executives, and that it acts as a catalyst for executives to perform in a manner that is consistent with increasing shareholder value.

CODE OF CONDUCT FOR PBL EMPLOYEES

The code of conduct for PBL employees applies to all full-time, part-time and casual employees.

The purposes of the PBL code of conduct are to:

- Ensure compliance across PBL with legislation relevant to an employee's areas of responsibility,
- Fulfil the reasonable expectations of the communities in which the Company operates, by acknowledging the rights of various stakeholders,
- Enhance the reputation of PBL with the financial community, customers, and consumers,
- Improve the performance of PBL, and
- Inform employees of the Board's expectations of them, including the obligations of raising and pursuing concerns of non-compliance or unethical behaviour.

Conflict of interest

A conflict of interest may arise where the interests of an employee interferes or appears to interfere with the interests of the Company as a whole.

To avoid such conflicts arising, employees are obliged to:

- advise their manager of any actual or potential material interest that they may have in relation to a customer, supplier or service provider,
- seek prior approval from the Company before agreeing to become a director of a company which has, or may have, a business relationship with the Company,
- not seek or accept offers of gifts, money or favours which might influence or appear to influence the making of any business decisions,
- not be involved in any other business or position that may result in them not being able to carry out their duties and responsibilities to the Company.

Employees are encouraged to raise with their manager any concerns they may have in relation to an actual or potential conflict of interest.

Insider trading

PBL's Directors, executives or staff are not permitted to deal in any ASX traded security issued by PBL, nor exchanged traded options, if they are in possession of price sensitive information which is not available to the share market.

PBL's Directors and employees are subject at all times to the Securities Trading Policy of PBL.

Directors and senior executives are obliged to report any dealings in PBL shares to the Company Secretary.

Compliance with laws

The Board of PBL is committed to compliance with all relevant legislation and corporate policies. Employees are expected to be aware of all legislation and policies applicable to their area of responsibility, and be sufficiently familiar with those laws and policies so that they are able to comply.

Laws relevant to PBL include:

- Broadcasting Services Act
- Corporations Act
- Casino Control Act (Victoria)
- fair trading laws
- competition law
- environmental law
- occupational Health and Safety laws
- Financial Corporations Act and various banking laws

Confidentiality and Privacy

Any confidential information about PBL or its suppliers, customers, contractors or shareholders must not be used improperly.

Prior to the use of or release of information confidential to the Company, approval must be obtained from an employee's manager.

Employees must maintain the privacy of customers, other employees and shareholders and only use information for the purpose for which it was collected.

Employees are not to make public comment about PBL in such a way that implies that they are speaking on behalf of the Company, unless their position clearly includes such responsibility.

Employees who leave the Company continue to be obliged to maintain the confidentiality of information relating to PBL. Such information cannot be used or given to others without prior written approval of the Company.

Treatment of colleagues and others

Employees must treat other employees, customers, suppliers, contractors and members of the public with respect and courtesy in a fair, honest and open manner.

Employees must ensure that they do not harm, defame, slander or wrongly discriminate against any person. Discrimination or harassment may occur because of a person's sex, marital status, pregnancy, age, race, colour, ethno-religious background, descent or national identity, disability, or sexual orientation.

Political contributions and activities

- **Contributions**

PBL may make political donations with the approval of the CEO and the Executive Deputy Chairman, and will only be made if the CEO and the Executive Deputy Chairman determines that it is in the best interests of the Company to make such donations.

- **Activities**

Employees being involved in political or community activities must ensure that no conflict arises with their position in the Company and no confidential Company information is used in such political activity without prior approval of the CEO of PBL.

Political activity includes being a candidate for federal, state or local government; being a member, fundraiser or spokesperson for a political party, cause or lobby group, or being publicly involved in a well-publicised community issue.

Gifts and entertainment

- **Gifts**

Situations may arise where it is appropriate to give a corporate gift or goodwill gesture, recognising a significant occasion. A senior manager's approval is required and in any case the gift should be appropriate for the occasion.

- **Entertainment**

Similarly, entertainment may be appropriate where persons outside the Company are involved. For any entertainment expense to be charged to any PBL Company, a manager senior to the most senior person attending the function must approve the expenditure.

Employees in such situations should be cautious of not compromising the Company's position in any way through attending or organising such functions.

- **Compliance with the Code of Conduct**

Employees are encouraged to alert PBL management and the Board in good faith to any actual or potential misconduct without fear of retribution.

DIRECTORS' STATUTORY REPORT

The directors of Publishing and Broadcasting Limited ("PBL") in office at the date of this Report and their appointment dates are:

Name	Date Appointed	Latest Possible Date for Re-election
James Douglas Packer	28 April, 1992	2004 AGM
Kerry Francis Bullmore Packer	19 July, 1990	2004 AGM
John Henry Alexander	16 December, 1999	Managing Director – Not Applicable
Christopher John Anderson	9 June, 2004	2004 AGM
Samuel Hewlings Chisholm	1 September, 2004	2004 AGM
Rowen Bruce Craigie	9 January, 2002	2004 AGM
Graham Allan Cubbin	30 September, 1991	2006 AGM
Rowena Danziger	17 September, 1997	2005 AGM
Ashok Peter Jacob	9 November, 1998	2005 AGM
Laurence Macdonald Muir	23 January, 1995	2006 AGM
Richard Wallace Turner	9 November, 1998	2006 AGM
Robert Michael Whyte	17 September, 1997	2005 AGM

DIRECTORS' PROFILES

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

James D Packer, Executive Chairman (Age 37)

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 and a director of various companies including Challenger Financial Services Group Limited, Qantas Limited, Foxtel and Hoyts Cinemas Limited. He is also Chairman of both Crown Limited and Burswood Limited.

Kerry F B Packer AC, Executive Deputy Chairman (Age 66)

Mr Packer was appointed Deputy Chairman of PBL in June 2004. He is also 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 Committee and Remuneration Committee. He is also a director of Crown Limited.

John H Alexander BA, Chief Executive Officer & Managing Director (Age 53)

Mr Alexander was promoted to the role of CEO and Managing Director of PBL in June 2004. He is also CEO of Australian Consolidated Press and a director of Crown Limited. Mr Alexander joined the Magazine Division of PBL as Group Publisher in 1998 and was appointed CEO of that Division in March 1999. In January 2002, he was appointed CEO of PBL Media, a role which straddled 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 board member of The International Federation of the Periodical Press Limited and a council member of the Sydney Symphony Orchestra.

Christopher J Anderson BEc, Non-Executive Director (Age 59)

Mr Anderson was appointed to the PBL Board in June 2004. Mr Anderson recently retired as the Chief Executive Officer of Optus. Prior to joining Optus in 1997, Mr Anderson was the Group Chief Executive of Television New Zealand. Previously, he was the Managing Editor of the Australian Broadcasting Corporation and was Chief Executive Officer of John Fairfax Holdings Limited Group.

Mr Anderson is also a director of Austrade and Ninemsn Pty Limited.

DIRECTORS' STATUTORY REPORT

Samuel H Chisholm, Non-Executive Director (Age 64)

Mr Chisholm is a director of Telstra Corporation Limited, Chairman of FOXTEL, a Director of Australian Wool Services Ltd and The Victor Chang Foundation. He was the Chief Executive of the Nine Network for 15 years before becoming Chief Executive of British Sky Broadcasting in the UK in 1990. He has also served as Executive Director of The News Corporation and Chairman of the Macquarie Radio Network.

Mr Chisholm was appointed a director to the PBL Board in September 2004.

Rowen B Craigie BEc (Hon), Chief Executive Officer, Crown (Age 49)

Mr Craigie was appointed Chief Executive Officer of Crown in January 2002 and subsequently joined the PBL and Crown Boards, and more recently in September 2004, the Board of Burswood Limited. 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.

Graham A Cubbin BEc (Hons), Non-Independent Non-Executive Director (Age 56)

Mr Cubbin joined the Consolidated Press Holdings Group in 1990 and is currently the Chief Operating Officer. Mr Cubbin was the Finance Director of the CPH Group from 1991 to July 2004. Prior to joining CPH, 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, Corporate Governance and the Occupational Health & Safety Committees. He is also a director of Challenger Financial Services Group Limited.

Rowena Danziger BA, DipEd (Qld), MACE, Non-Executive Director (Age 66)

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. She was the Headmistress at Ascham School in Sydney from 1973 to 2003. 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. She is also a Director of Crown Limited and a member of Crown's Audit Committee.

Ashok P Jacob MBA, Non-Independent Non-Executive Director (Age 43)

Mr Jacob is currently the Joint Chief Executive Officer of Consolidated Press Holdings Limited. Mr Jacob is a Director of Challenger Financial Services Group Limited, Hoyts Cinemas Limited, Teys Bros. (Holdings) Pty Ltd, Jurlique International Pty Ltd, Crown Limited and MRF Limited.

He is a member of PBL's Investment Committee.

Sir Laurence Muir VRD, LLB, FSIA, FAIM, Non-Executive Director (Age 79)

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

Sir Laurence is Chairman of the State Development Fund Limited and 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. He is a director of Crown Limited and a member of Crown's Compliance Committee.

Richard W Turner AM, BEc, FCA, Non-Executive Director (Age 66)

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 partner. Mr Turner is a Fellow of the Institute of Chartered Accountants in Australia. He is Chairman of Capital Finance Australia Limited, a Director of HBOS Australia Limited, James Fielding Holdings Limited and Group Companies. He was past President and a current director of The Smith Family and past Chairman and a current director of the Institute of Pain Management Limited.

Mr Turner is Chairman of PBL's Finance, Audit and Corporate Governance Committees. He is also a director of Crown Limited and Chairman of Crown's Audit Committee.

DIRECTORS' STATUTORY REPORT

Robert M Whyte BEc, Non-Executive Director (Age 60)

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.

Mr Whyte is a member of PBL's Corporate Governance Committee.

Peter W Yates, appointed on 13 June 2001, resigned on 9 June 2004.

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
James D Packer	73,000		
Kerry F B Packer	247,572,325	-	-
John H Alexander	282,500	250,000	-
Christopher J Anderson	11,941		
Rowen B Craigie	-	350,000	-
Graham A Cubbin	9,859	-	-
Rowena Danziger	22,876	-	-
Sir Laurence Muir	11,126	-	-
Richard W Turner	20,000	-	-
Robert M Whyte	100,000	-	30,954

* PBL's Executive share plan

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 of the consolidated entity for the financial year after income tax and outside equity interest was \$668,156,000 (2003 - \$380,828,000).

Dividends

The directors of PBL have declared a final fully franked dividend of 28 cents per ordinary share to holders registered as at 30 September 2004 ("Record Date").

	<u>'000</u>
Final Dividends Declared:	
• on ordinary shares	<u>185,339</u>
Dividends paid in the year:	
Interim for the year	
• on ordinary shares	<u>99,274</u>
Final dividends for 2003:	
• on ordinary shares	<u>92,491</u>

DIRECTORS' STATUTORY REPORT

Review of Operations

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

Significant Changes in the State of Affairs

During the financial year:

- PBL paid \$30.4 million for a 25% interest in SEEK, an unlisted online employment business.
- PBL acquired a further 14.2% interest in Burswood Limited for \$77.3 million in September 2003.
- In April 2004, the Company announced a \$1.40 per share cash takeover offer for Burswood Limited. In June 2004, PBL increased the offer to \$1.46 in the event that PBL acquired at least 90% of Burswood shares and received unanimous support from the Burswood Board of Directors.
- PBL's received a net distribution of \$182 million from its 25.4% interest in New Regency Productions in June 2004.

Significant Events Subsequent to Balance Date

Since the end of the financial year, PBL (WA) Pty Ltd, a wholly owned subsidiary of Publishing and Broadcasting Limited, has acquired control of Burswood Limited. The cost of acquiring the 82.4% of shares not held at 30 June 2004 will be approximately \$550 million.

In August 2004, PBL completed documentation for a US Private Placement equivalent to A\$633 million (US\$440 million). The US Notes were fully swapped via cross currency swaps to Australian dollars with funding tranches in August 2004, September 2004, December 2004 and January 2005. Maturities range between eight to fifteen years. The Notes are supported by a group guarantee from PBL and certain subsidiaries and have similar covenants and conditions to other senior debt.

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 share options.

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

Details of the nature and amount of each major element of the remuneration of each director of PBL and each of the five specified Executive Officers of the PBL group are set out on the following page.

PBL's independent non-executive directors receive director's fees at a market level designed to remunerate them for their time, commitment and responsibilities. The fees in aggregate are within the \$1.0 million cap for directors' fees approved by PBL's shareholders at the 2003 Annual General Meeting. The non-executive directors of PBL do not receive any performance based remuneration.

PBL's Executive Chairman, Executive Deputy Chairman and non-independent non-executive directors do not receive any director's fees.

In relation to PBL's executives, the Company's remuneration policy is to ensure that executive remuneration packages properly reflect a person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating executives of the highest calibre. As a result, remuneration packages for executive directors and senior executives include a mix of fixed, as well as performance based remuneration. The total remuneration package includes superannuation and other non-cash benefits to reflect the Total Employment Cost (TEC) to the Company, inclusive of any fringe benefits tax.

While senior executives may be offered participation in PBL's Executive Share Plan (ESP), there have been no issues under the ESP during this year.

The review of the remuneration of the Company's Chief Executive Officer will be performed by the Chairman and Deputy Chairman. The review of the remuneration of senior executives will be performed by the Chairman, Deputy Chairman and the Chief Executive Officer.

DIRECTORS' STATUTORY REPORT

Directors' Emoluments*

The emoluments disclosed below are in respect of directors who held office during the year ended 30 June 2004.

Executive Directors	Annual Emoluments			Long Term Emoluments		Total
	Directors' Fees /Base Salary	Bonus	Other	Termination Payments	Superannuation	
	\$	\$	\$	\$	\$	\$
J D Packer	-	-	-	-	-	-
K F B Packer	-	-	-	-	-	-
J H Alexander	1,324,650	2,000,000	162,222	-	129,153	3,616,025
R B Craigie	880,950	400,000	182,232	-	11,002	1,474,184
P W Yates	2,760,288 [^]	-	1,237,426 [#]	6,541,292 ^o	11,002	10,550,008

Non-Executive Directors	Annual Emoluments			Long Term Emoluments		Total
	Directors' Fees /Base Salary	Bonus	Other	Termination Payments	Superannuation	
	\$	\$	\$	\$	\$	\$
C J Anderson	5,194	-	-	-	467	5,661
G A Cubbin	-	-	-	-	-	-
R Danziger	126,774 [◇]	-	-	-	11,410	138,184
A P Jacob	-	-	-	-	-	-
L M Muir	126,774 [◇]	-	-	-	-	126,774
R W Turner	126,774 [◇]	-	-	-	11,410	138,184
R M Whyte	85,000	-	-	-	7,650	92,650

Senior Executive Officers' Emoluments

	Annual Emoluments			Long Term Emoluments		Total
	Base Salary	Bonus	Other	Termination Payments	Superannuation	
	\$	\$	\$	\$	\$	\$
James McLachlan	1,128,111	200,000	123,877	-	158,843	1,610,831
Geoffrey Kleemann	745,181	300,000	71,811	-	111,777	1,228,769
David Gyngell	446,831	450,000	84,929	-	11,002	992,762
David Gardiner	407,000	250,000	64,592	-	39,005	760,597
David Courtney	548,998	127,025	52,886	-	11,002	739,911

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

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

[^] This amount includes annual leave and long service leave entitlements paid on cessation of employment.

[#] This amount relates to an interest free housing loan made to Mr Yates as part of his service agreement with the Company, as well as the difference between the Company's average cost of gross borrowings for the year ended 30th June 2004 and the interest charged on a loan to Mr Yates to acquire PBL shares issued under PBL's Executive Share Plan.

^o This amount was paid to Mr Yates on cessation of employment and was in accordance with the terms of his service agreement with the Company. The calculation was based on the remaining period of that service agreement.

[◇] Includes Directors' fees for serving on the Boards of PBL and Crown Limited.

DIRECTORS' STATUTORY REPORT

Directors' Meetings

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

	Directors' Meetings		Finance Committee [^] Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Investment Committee Meetings		OH&S Committee Meetings		Corporate Governance Committee Meetings	
	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend
J D Packer	7	7							2	1				
K F B Packer	7	6					1	1	2	2				
J H Alexander	7	7												
C J Anderson [#]	1	1												
R B Craigie	7	7												
G A Cubbin	7	6			2	2					5	5	3	3
R Danziger	7	6			2	2					5	5		
A P Jacob	7	7							2	1				
L M Muir	7	6					1	1						
R W Turner	7	7			2	2							3	3
R M Whyte	7	6											3	3
P W Yates *	6	6							1	1	5	5		

* Mr Peter W Yates resigned from the Board of Directors on 9 June 2004

Mr Chris J Anderson was appointed to the Board of Directors on 9 June 2004.

^ 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 and Mr Kerry Packer. Mr Peter Yates resigned from the Board on 9 June 2004. Certain members of the Crown Board meet monthly with senior management of Crown to review its operations.

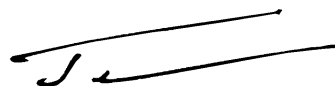
Rounding

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

Signed in accordance with a resolution of the directors.



J.D. Packer
Director



J.H. Alexander
Director

Sydney, 26th day of September, 2004

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 the directors' declaration for Publishing and Broadcasting Limited (the Company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for preparing a financial report 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, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

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

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 2004 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



S.J. Ferguson
Partner
Sydney, 26th day of September, 2004

DIRECTORS' DECLARATION

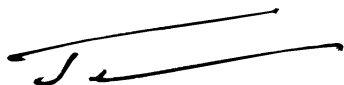
In accordance with a resolution of the directors of Publishing and Broadcasting Limited, we state that:

- (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 2004 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



J.H. Alexander
Director

Sydney, 26th day of September, 2004

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenues from ordinary activities	2	3,169,549	2,922,098	275,808	844,814
Expenses from ordinary activities	3	(2,208,333)	(2,265,007)	(40,160)	(8,057)
Borrowing costs	3	(162,222)	(158,979)	(229,086)	(302,949)
Share of net profits of associate and joint venture entities	9	<u>7,404</u>	<u>2,091</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before income tax		806,398	500,203	6,562	533,808
Income tax (expense)/benefit on ordinary activities	5	<u>(128,981)</u>	<u>(85,802)</u>	<u>56,525</u>	<u>(99,954)</u>
Net profit		677,417	414,401	63,087	433,854
Net profit attributable to outside equity interests	19	<u>9,261</u>	<u>33,573</u>	<u>-</u>	<u>-</u>
Net profit attributable to members of PBL		<u>668,156</u>	<u>380,828</u>	<u>63,087</u>	<u>433,854</u>
Net exchange difference on translation of financial statements of foreign controlled entities		<u>3,214</u>	<u>(9,702)</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>671,370</u>	<u>371,126</u>	<u>63,087</u>	<u>433,854</u>
		2004	2003		
Basic earnings per share (cents per share)*	27	100.94	57.55		
Diluted earnings per share (cents per share)*	27	100.94	57.55		
Franked dividends per share (cents per share)	4	43.00	25.00		

* Basic/diluted EPS in the current period is 73.12 cents excluding the effect of specific items – refer note 3 (c) (2003: 50.15)

**STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2004**

	Note	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current Assets					
Cash assets	21(a)	1,276,705	837,300	1,771	1,846
Receivables	6	455,736	386,870	47,775	11,424
Inventories	7	158,026	148,770	-	-
Current tax assets	5	-	-	4	6,808
Other	8	37,327	49,942	-	-
Total Current Assets		<u>1,927,794</u>	<u>1,422,882</u>	<u>49,550</u>	<u>20,078</u>
Non-Current Assets					
Receivables	6	62,527	158,797	7,167,132	7,166,452
Inventories	7	41,134	25,249	-	-
Investments accounted for using the equity method	9	316,245	280,519	-	-
Other financial assets	10	363,748	264,868	2,985,417	3,009,358
Property, plant and equipment	11	1,419,420	1,442,352	-	-
Licences and mastheads	12	2,916,956	2,926,150	-	-
Intangible assets	13	283,108	294,695	-	-
Deferred tax assets	5	121,381	137,596	104,071	159,989
Other	8	89,229	85,326	-	-
Total Non-Current Assets		<u>5,613,748</u>	<u>5,615,552</u>	<u>10,256,620</u>	<u>10,335,799</u>
Total Assets		<u>7,541,542</u>	<u>7,038,434</u>	<u>10,306,170</u>	<u>10,355,877</u>
Current Liabilities					
Payables	14	581,497	538,586	2,134	2,391
Interest-bearing liabilities	15	614,741	7,478	-	-
Current tax liabilities	5	49,782	19,637	-	-
Provisions	16	76,947	69,350	25	28
Total Current Liabilities		<u>1,322,967</u>	<u>635,051</u>	<u>2,159</u>	<u>2,419</u>
Non-Current Liabilities					
Payables	14	87,198	76,753	-	-
Interest-bearing liabilities	15	1,728,708	2,375,619	4,377,513	4,250,905
Deferred tax liabilities	5	151,725	179,158	115,018	162,395
Provisions	16	29,552	30,004	10,865	10,865
Total Non-Current Liabilities		<u>1,997,183</u>	<u>2,661,534</u>	<u>4,503,396</u>	<u>4,424,165</u>
Total Liabilities		<u>3,320,150</u>	<u>3,296,585</u>	<u>4,505,555</u>	<u>4,426,584</u>
Net Assets		<u>4,221,392</u>	<u>3,741,849</u>	<u>5,800,615</u>	<u>5,929,293</u>
Equity					
Parent entity interest					
Contributed equity	17	2,182,838	2,182,838	2,182,833	2,182,833
Reserves	18	442,326	439,112	-	-
Retained profits	18	1,593,446	1,117,055	3,617,782	3,746,460
Total parent entity interest in equity		4,218,610	3,739,005	5,800,615	5,929,293
Total outside equity interest	19	2,782	2,844	-	-
Total Equity		<u>4,221,392</u>	<u>3,741,849</u>	<u>5,800,615</u>	<u>5,929,293</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Consolidated		Parent Entity	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash Flows From Operating Activities					
Receipts from customers		2,955,785	2,871,589	-	-
Payments to suppliers and employees		(1,905,143)	(2,051,084)	(92)	(67)
Dividends received		5,706	2,482	-	-
Interest received		50,141	40,034	2,637	2,398
Borrowing costs		(163,492)	(153,601)	(21,530)	(20,658)
Income tax paid		(108,000)	(52,142)	(6,832)	-
Gaming tax paid		(162,086)	(162,728)	-	-
Net Cash Flows From Operating Activities	21	672,911	494,550	(25,725)	(18,327)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment		(117,326)	(129,037)	-	-
Proceeds from sale of property, plant and equipment		21,463	1,322	-	-
Purchase of equity investments		(111,419)	(52,904)	-	(5,325)
Net proceeds from sale of equity investments		7,689	192,405	594	-
Proceeds from equity investment distributions		185,959	-	-	-
Acquisition of film & television investments		(17,684)	(16,976)	-	-
Recovery from film & television investments		15,263	9,604	-	-
Loans repaid by associated entities		18,000	16,000	-	-
Purchase of mastheads		(648)	(64,362)	-	-
Other (net)		(11)	970	-	-
Net Cash Flows From Investing Activities		1,286	(42,978)	594	(5,325)
Cash Flows From Financing Activities					
Payments for share buy-back – ecorp		-	(94,698)	-	-
Proceeds from borrowings		5,000	766,122	216,759	169,889
Repayment of borrowings		(44,648)	(584,137)	-	-
Dividends paid		(191,703)	(146,119)	(191,703)	(145,584)
Dividends/distributions paid to outside equity interests		(3,441)	(1,860)	-	-
Net Cash Flows From Financing Activities		(234,792)	(60,692)	25,056	24,305
Net Increase/(Decrease) In Cash Held		439,405	390,880	(75)	653
Add opening cash brought forward		837,300	446,420	1,846	1,193
Closing Cash Carried Forward	21	1,276,705	837,300	1,771	1,846

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	2004	2003
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.

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 from the time PBL acquired Crown Ltd, being 34 years.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 from 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.

Finance lease liability is determined in accordance with requirements of AASB 1008 "Leases".

Other loans are carried at the principal amount.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Casino revenues are the net of gaming wins and losses. The retail value of complimentary food, beverages and other goods and services provided to patrons is included in the respective revenue classification and deducted as promotional allowances.

Interest

Control of the right to receive the interest payment.

Dividends

Control of the right to receive the dividend payment.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenues from operating activities				
• Revenue from services	2,348,506	2,184,532	-	-
• Revenue from sale of goods	525,573	492,239	-	-
Total revenues from operating activities	2,874,079	2,676,771	-	-
Revenues from non-operating activities				
Interest received				
• Controlled entities	-	-	62,708	587,577
• Other	56,592	46,647	3,141	2,349
	56,592	46,647	65,849	589,926
Proceeds from sale of non-current assets	29,511	192,405	-	246,000
Dividends received				
• Controlled entities	-	-	195,000	-
• Other	189,165	578	-	-
	189,165	578	195,000	-
Other operating revenue	20,202	5,697	14,959	8,888
Total revenues from non-operating activities	295,470	245,327	275,808	844,814
Total revenues from ordinary activities	3,169,549	2,922,098	275,808	844,814
3. EXPENSES AND LOSSES/(GAINS)				
(a) Expenses from ordinary activities				
Cost of goods sold	485,566	448,511	-	-
Television activities	608,047	576,552	-	-
Publishing activities	103,269	118,614	-	-
Gaming activities	867,502	857,391	-	-
Other ordinary activities	135,956	120,508	40,160	67
	2,200,340	2,121,576	40,160	67
Depreciation of non-current assets				
• Buildings	25,831	24,938	-	-
• Plant and equipment	74,739	71,281	-	-
Total depreciation of non-current assets	100,570	96,219	-	-
Amortisation of non-current assets				
• Goodwill	2,893	2,893	-	-
• Licence fee and management agreement	15,671	15,652	-	-
• Ticketing rights	2,240	3,061	-	-
• Plant and equipment under finance lease	3,046	3,271	-	-
• Leasehold property	1,834	1,405	-	-
• Other assets	3,805	3,538	-	-
Total amortisation of non-current assets	29,489	29,820	-	-
Total depreciation and amortisation expense*	130,059	126,039	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
3. EXPENSES AND LOSSES/(GAINS) (continued)				
Borrowing costs expensed				
• Debt facilities	161,538	158,026	21,530	20,658
• Controlled entities	-	-	207,556	282,291
• Finance leases	684	953	-	-
Total borrowing costs expensed	<u>162,222</u>	<u>158,979</u>	<u>229,086</u>	<u>302,949</u>
Bad and doubtful debts – trade debtors*	12,382	18,482	-	-
Rentals – operating leases*	38,975	38,535	-	-
* Included in expenses from ordinary activities of \$2,200,340 (2003: \$2,121,576)				
(b) Losses/(Gains)				
Net (profit)/loss on disposal of property, plant and equipment	(1,490)	88	-	-
Net foreign currency (gains)/losses	(592)	647	(14,897)	(80,510)
(c) Specific Items				
Profit 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:				
• Investment distributions	(185,959)	-	-	-
• Net (profit) on disposal of investments	(7,022)^o	(146,721) ^o	-	(206,000)*
• Restructuring costs	6,967	18,700	-	-
• Deferred financing costs expensed	-	32,629	-	-
• 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	-	-
• Program costs written down	-	13,461	-	-
Total specific items from ordinary activities[^]	<u>(186,014)</u>	<u>(48,972)</u>	<u>-</u>	<u>(192,700)</u>

^o This specific item comprises proceeds of \$8,048 and cost of assets sold of \$1,026 (2003: \$192,403 and cost of assets sold of \$45,682).

* In the prior year, this specific item comprised proceeds of \$246,000 and cost of assets sold of \$40,000.

[^] Total expense included in specific items is \$7,993 (2003: \$143,431) for the consolidated entity and \$Nil (2003: \$53,300) for the parent entity.

4. DIVIDENDS PROVIDED FOR OR PAID

Dividends paid during the year

Current year interim

(paid 15 April 2004)

• Franked dividends (15c per share) (2003: 11c)	<u>99,274</u>	<u>72,679</u>	<u>99,274</u>	<u>72,679</u>
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Previous year final

(paid 15 November 2003)

• Franked dividends (14c per share) (2002: 11c)	<u>92,491</u>	<u>72,736</u>	<u>92,491</u>	<u>72,736</u>
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Dividends proposed and not recognised as a liability
(expected to be paid 15 October 2004)

• Franked dividends (28c per share) (2003: 14c)	<u>185,339</u>	<u>92,670</u>	<u>185,339</u>	<u>92,670</u>
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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
4. DIVIDENDS PROVIDED FOR OR PAID (continued)				
<u>Franking credit balance</u>				
The tax rate at which the final dividend will be franked is 30% (2003 - 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2004.				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance at the end of the financial year at 30% (2003: 30%)	52,651	35,426	34,927	35,049
Franking credits/(debits) that will arise from the payment/(refund) of income taxes payable/(receivable) at the end of the financial year	49,782	19,637	(4)	(6,808)
Franking debits that will arise from the payment of dividends at the end of the financial year	<u>(79,431)</u>	<u>(39,716)</u>	<u>(79,431)</u>	<u>(39,716)</u>
	<u>23,002</u>	<u>15,347</u>	<u>(44,508)</u>	<u>(11,475)</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>806,398</u>	<u>500,203</u>	<u>6,962</u>	<u>533,808</u>
Prima facie tax on the operating profit @ 30% (2003 - 30%)	241,919	150,061	2,089	160,142
Tax effect of permanent differences:				
Rebatable dividends	(938)	-	(58,500)	-
Non deductible depreciation and amortisation	6,546	9,643	-	-
Increase in provision for diminution of investments	-	6,259	-	3,990
Net capital (gain)	(57,895)	(38,393)	-	(61,800)
Share of associates' net (profits)	(2,221)	(627)	-	-
Deferred tax adjustment	5,142	-	-	-
Tax losses previously not recognised now brought to account	(5,257)	(8,314)	-	-
Difference in tax and accounting asset base	(45,098)	(36,300)	-	-
Other items – net	(2,053)	965	(120)	(2,673)
Income tax (over)/under provided in prior years	<u>(11,164)</u>	<u>2,508</u>	<u>6</u>	<u>295</u>
Income tax expense/(benefit) attributable to ordinary activities	<u>128,981</u>	<u>85,802</u>	<u>(56,525)</u>	<u>99,954</u>
Deferred Tax Assets and Liabilities				
Current tax receivable	-	-	4	6,808
Current tax payable	49,782	19,637	-	-
Provision for deferred income tax – non-current	151,725	179,158	115,018	162,395
Future income tax benefit – non-current	121,381	137,596	104,071	159,989

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

5. INCOME TAX (continued)

Income Tax Losses

Potential future income tax benefits attributable to income tax losses carried forward by controlled entities amounting to \$94.6 million (2003 - \$3.9 million) and capital losses of approximately \$146 million (2003 - approximately \$110 million) have not been brought to account in the consolidated accounts at 30 June 2004 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

Effective 1 July 2002, for the purposes of income taxation, PBL and its 100% owned subsidiaries have formed a tax consolidated group.

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. At the balance date the possibility of default is remote.

The head company of the consolidated group is PBL.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
6. RECEIVABLES				
Current				
Trade debtors	422,426	388,479	-	-
Provision for doubtful debts	<u>(79,718)</u>	<u>(70,835)</u>	<u>-</u>	<u>-</u>
	342,708	317,644	-	-
Loans to associated entities	690	719	-	-
Loans to directors	4,159	2,780	4,159	2,780
Hedge receivable	47,245	45,677	-	-
Other debtors	60,934	20,440	43,616	8,644
Provision for doubtful debts	<u>-</u>	<u>(390)</u>	<u>-</u>	<u>-</u>
	113,028	69,226	47,775	11,424
	455,736	386,870	47,775	11,424
Non Current				
Loans to associated entities	-	18,208	-	-
Loans to directors	2,670	33,443	2,670	33,443
Loans to controlled entities	-	-	7,119,887	7,041,022
Other debtors	<u>59,857</u>	<u>107,146</u>	<u>44,575</u>	<u>91,987</u>
	62,527	158,797	7,167,132	7,166,452

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
7. INVENTORIES AND PROGRAM RIGHTS				
Current				
Program rights	118,335	103,256	-	-
Raw materials	12,489	13,987	-	-
Finished goods	9,980	13,538	-	-
Work in progress	17,222	17,989	-	-
	<u>158,026</u>	<u>148,770</u>	<u>-</u>	<u>-</u>
Non Current				
Program rights	41,134	25,249	-	-
	<u>41,134</u>	<u>25,249</u>	<u>-</u>	<u>-</u>
Total inventories and program rights	<u>199,160</u>	<u>174,019</u>	<u>-</u>	<u>-</u>

8. OTHER ASSETS

Current				
Prepayments	33,330	48,124	-	-
Other	3,997	1,818	-	-
	<u>37,327</u>	<u>49,942</u>	<u>-</u>	<u>-</u>
Non Current				
Prepaid casino tax, at cost	100,800	100,800	-	-
Accumulated amortisation	(18,755)	(16,020)	-	-
	<u>82,045</u>	<u>84,780</u>	<u>-</u>	<u>-</u>
Development costs	6,646	8	-	-
Other	538	538	-	-
	<u>89,229</u>	<u>85,326</u>	<u>-</u>	<u>-</u>

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non Current

Investments at equity accounted amount:

Associated entities – Unlisted shares	310,088	274,767	-	-
Associated entities – Listed shares	6,157	5,752	-	-
	<u>316,245</u>	<u>280,519</u>	<u>-</u>	<u>-</u>
Total investments in associates	<u>316,245</u>	<u>280,519</u>	<u>-</u>	<u>-</u>

Investments in associates	Balance Date	Principal Activity	% Interest	
			2004	2003
Sky Cable Pty Ltd	30 June	Investment in Pay TV	50.0	50.0
Premier Media Group	30 June	Pay TV sport service	50.0	50.0
Australian Financial Investment Group	30 June	Mortgage originator	25.0	25.0
ninemsn Pty Ltd	30 June	Provider of online content and services	50.0	50.0
Australian News Channel Pty Ltd	30 June	Pay TV news service	33.3	33.3
Seek Pty Ltd	30 June	Online job search service	25.0	-
Television and Media Services Ltd	30 June	Broadcast services and facilities	24.1	24.1
TX Australia Pty Ltd	30 June	Television transmission	33.3	33.3

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)				
Share of associates' profits				
Share of associates':				
• Operating profit before income tax	6,445	3,589	-	-
• Income tax benefit/(expense)	959	(1,498)	-	-
Share of associates' net profit after income tax	7,404	2,091	-	-
Carrying amount of investments in associates				
Balance at the beginning of the financial year	280,519	255,425	-	-
• Carrying amount of investments in associates acquired during the year	30,822	32,395	-	-
• Transfer from other financial assets	-	13,727	-	-
• Share of associates' net profit for the year	7,404	2,091	-	-
• Dividend received	(2,500)	-	-	-
• Writedown of investments	-	(16,328)	-	-
• Carrying amount of investments in associates disposed of during the year	-	(6,791)	-	-
Carrying amount of investment in associates at the end of the financial year	316,245	280,519	-	-
Represented by:				
Investments at equity accounted amount:				
• Sky Cable Pty Ltd	149,037	176,259	-	-
• Premier Media Group	80,103	64,152	-	-
• Seek Pty Ltd	33,150	-	-	-
• AFIG	31,742	26,617	-	-
• ninemsn Pty Ltd	9,728	2,524	-	-
• Television and Media Services Ltd	6,157	5,752	-	-
• Other non-material entities	6,328	5,215	-	-
	316,245	280,519	-	-
The consolidated entity's share of the assets and liabilities of associates in aggregate				
Current assets	81,638	58,798		
Non-current assets	378,618	351,395		
Current liabilities	(44,898)	(33,621)		
Non-current liabilities	(303,977)	(305,514)		
Net assets	111,381	71,058		
Retained profits/(accumulated losses) of the consolidated entity attributable to associates				
Balance at the beginning of the financial year	(31,820)	(36,452)		
Share of associates' net profits/(losses)	7,404	2,091		
Disposal of associated entities	-	2,541		
Balance at the end of the financial year	(24,416)	(31,820)		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
10. OTHER FINANCIAL ASSETS				
Non current				
<i>Investments at cost comprise:</i>				
Shares:				
Listed	122,014	30,330	33,052	33,052
Provision for diminution on listed shares	(13,515)	(14,715)	(27,300)	(27,300)
Unlisted	243,865	254,353	-	-
Provision for diminution on unlisted shares	(6,855)	(17,342)	-	-
	345,509	252,626	5,752	5,752
Controlled entities:				
Unlisted shares	-	-	2,979,665	3,003,606
Other investments	18,239	12,242	-	-
Total investments	363,748	264,868	2,985,417	3,009,358
Listed securities market value:				
The aggregate market value of other financial assets listed on a prescribed stock exchange at balance date:				
	138,718	44,472	7,366	4,834

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

	Principal Activity	% Interest		Carrying Value	
		2004	2003	2004	2003
Monarchy Enterprises Holdings BV*	Film Production	25.4	25.4	201,187	201,187
Burswood Limited^	Gaming and Entertainment	17.6	4.9	98,264	5,380

* 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.

^ Refer to note 22 for further detail.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
11. PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
• At cost	306,632	264,132	-	-
• Accumulated depreciation	(20,787)	(16,592)	-	-
	285,845	247,540	-	-
Buildings on leasehold land				
• At cost	918,310	910,140	-	-
• Accumulated amortisation	(224,375)	(202,740)	-	-
	693,935	707,400	-	-
Total land and buildings	979,780	954,940	-	-
Leasehold improvements				
• At cost	18,118	17,064	-	-
• Accumulated amortisation	(7,061)	(5,328)	-	-
	11,057	11,736	-	-
Plant and equipment				
• At cost	1,106,120	986,002	-	-
• Accumulated depreciation	(694,484)	(630,831)	-	-
	411,636	355,171	-	-
Construction works in progress				
• At cost	5,025	105,469	-	-
Plant and equipment under finance lease				
• At cost	33,753	33,943	-	-
• Accumulated amortisation	(21,831)	(18,907)	-	-
	11,922	15,036	-	-
Total written down value	1,419,420	1,442,352	-	-

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.

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Reconciliations				
Freehold land and buildings				
Carrying amount at beginning	247,540	249,406	-	-
Additions	3,316	1,822	-	-
Transfer from construction work in progress	58,718	-	-	-
Disposals	(19,043)	-	-	-
Depreciation expense	(4,196)	(3,688)	-	-
Transfer to plant & equipment	(490)	-	-	-
	285,845	247,540	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
11. PROPERTY, PLANT AND EQUIPMENT (continued)				
Buildings on leasehold land				
Carrying amount at beginning	707,400	722,023	-	-
Additions	8,170	6,627	-	-
Depreciation expense	<u>(21,635)</u>	<u>(21,250)</u>	-	-
	693,935	707,400	-	-
Leasehold improvements				
Carrying amount at beginning	11,736	10,323	-	-
Additions	1,514	2,818	-	-
Disposals	(137)	-	-	-
Amortisation expense	(1,834)	(1,405)	-	-
Transfer to plant & equipment	<u>(222)</u>	-	-	-
	11,057	11,736	-	-
Plant & equipment				
Carrying amount at beginning	355,171	403,906	-	-
Additions	56,000	35,599	-	-
Disposals	(334)	(13,582)	-	-
Depreciation expense	(74,739)	(71,281)	-	-
Transfer from leased assets	16	58	-	-
Transfer from leasehold improvements	222	-	-	-
Transfer from freehold land & buildings	490	-	-	-
Transfer from construction work in progress	<u>74,810</u>	<u>471</u>	-	-
	411,636	355,171	-	-
Construction work in progress				
Carrying amount at beginning	105,469	26,781	-	-
Additions	33,084	79,159	-	-
Transfer to freehold land & buildings	(58,718)	-	-	-
Transfer to plant & equipment	<u>(74,810)</u>	<u>(471)</u>	-	-
	5,025	105,469	-	-
Leased plant & equipment				
Carrying amount at beginning	15,036	18,374	-	-
Additions	-	65	-	-
Disposals	(52)	(74)	-	-
Depreciation expense	(3,046)	(3,271)	-	-
Transferred to owned plant & equipment	<u>(16)</u>	<u>(58)</u>	-	-
	11,922	15,036	-	-
12. LICENCES AND MASTHEADS				
Television licences				
• At cost	1,317,955	1,317,955	-	-
Casino licence				
• At cost	321,094	321,094	-	-
• Accumulated amortisation	<u>(43,533)</u>	<u>(34,826)</u>	-	-
	277,561	286,268	-	-
Magazine mastheads				
• At cost	1,321,440	1,321,927	-	-
	2,916,956	2,926,150	-	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
13. INTANGIBLES				
Goodwill at cost	86,793	86,312	-	-
Accumulated amortisation	(14,595)	(11,702)	-	-
	72,198	74,610	-	-
Casino management agreement at cost	239,030	239,031	-	-
Accumulated amortisation	(34,766)	(27,802)	-	-
	204,264	211,229	-	-
Venue ticketing rights at cost	18,522	18,742	-	-
Accumulated amortisation	(11,876)	(9,886)	-	-
	6,646	8,856	-	-
	283,108	294,695	-	-
14. PAYABLES				
Current – unsecured				
Trade and other creditors	493,745	459,382	2,134	2,391
Hedge payable	47,245	45,677	-	-
Program contract creditors	40,507	33,527	-	-
	581,497	538,586	2,134	2,391
Non Current – unsecured				
Program contract creditors	79,314	59,445	-	-
Other	7,884	17,308	-	-
	87,198	76,753	-	-
15. INTEREST-BEARING LIABILITIES				
Current – secured				
Lease liabilities – note 20	4,706	4,464	-	-
Hire purchase liabilities	153	398	-	-
	4,859	4,862	-	-
Current - unsecured				
Other senior debt	609,882	-	-	-
Bank facilities	-	2,616	-	-
	614,741	7,478	-	-
Non Current – secured				
Lease liabilities – note 20	4,129	8,770	-	-
Hire purchase liabilities	59	211	-	-
	4,188	8,981	-	-
Non Current – unsecured (refer note 21)				
Bank facilities	197,732	218,368	-	-
Other senior debt	1,094,255	1,693,912	-	-
Subordinated debt	300,000	300,000	300,000	300,000
Cross currency swap payable	132,533	154,358	-	-
Loans from controlled entities	-	-	4,077,513	3,950,905
	1,724,520	2,366,638	4,377,513	4,250,905
	1,728,708	2,375,619	4,377,513	4,250,905

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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
16. PROVISIONS				
Current				
Employee entitlements	56,365	50,068	-	-
Other	<u>20,582</u>	<u>19,282</u>	<u>25</u>	<u>28</u>
	<u>76,947</u>	<u>69,350</u>	<u>25</u>	<u>28</u>
Non current				
Employee entitlements	24,623	23,237	-	-
Other	<u>4,929</u>	<u>6,767</u>	<u>10,865</u>	<u>10,865</u>
	<u>29,552</u>	<u>30,004</u>	<u>10,865</u>	<u>10,865</u>
Employee entitlements				
The aggregate employee entitlement liability comprises:				
• Provisions - current	56,365	50,068	-	-
• Provisions - non current	<u>24,623</u>	<u>23,237</u>	<u>-</u>	<u>-</u>
	<u>80,988</u>	<u>73,305</u>	<u>-</u>	<u>-</u>

17. CONTRIBUTED EQUITY

Issued share capital

• 661,925,000 ordinary shares fully paid (2003 – 661,925,000)	<u>2,182,838</u>	<u>2,182,838</u>	<u>2,182,833</u>	<u>2,182,833</u>
<i>Movements in issued share capital</i>				
Balance 1 July	<u>2,182,838</u>	<u>2,274,895</u>	<u>2,182,833</u>	<u>2,181,089</u>
• No ordinary shares were issued pursuant to the Executive Share Plan at various prices (2003 – 200,000) – refer note 23	-	<u>1,744</u>	-	<u>1,744</u>
• Parent's share of subsidiary's share capital*	<u>-</u>	<u>(93,801)</u>	<u>-</u>	<u>-</u>
Balance 30 June	<u>2,182,838</u>	<u>2,182,838</u>	<u>2,182,833</u>	<u>2,182,833</u>

* 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 was deducted from contributed equity in the prior 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 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
18. RESERVES AND RETAINED PROFITS				
Foreign currency translation reserve	4,478	1,264	-	-
Asset revaluation reserve	437,443	437,443	-	-
Capital profits reserve	405	405	-	-
	<u>442,326</u>	<u>439,112</u>	<u>-</u>	<u>-</u>
Retained profits	<u>1,593,446</u>	<u>1,117,055</u>	<u>3,617,782</u>	<u>3,746,460</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	1,264	10,967	-	-
Net exchange difference on translation of overseas controlled entities	3,214	(9,703)	-	-
Balance 30 June	<u>4,478</u>	<u>1,264</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	437,443	437,443	-	-
Balance 30 June	<u>437,443</u>	<u>437,443</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	405	405	-	-
Balance 30 June	<u>405</u>	<u>405</u>	<u>-</u>	<u>-</u>
RETAINED PROFITS				
Balance 1 July	1,117,055	740,856	3,746,460	3,385,278
Adjustment arising from adoption of revised accounting standard: AASB 1044 – Provisions, Contingent Liabilities and Contingent Assets	-	74,400	-	72,743
Adjusted opening retained profits	1,117,055	815,256	3,746,460	3,458,021
Net profit attributable to members of PBL	668,156	380,828	63,087	433,854
Net transfers from share capital on selective capital reduction of controlled entity	-	66,386	-	-
Total available for appropriation	1,785,211	1,262,470	3,809,547	3,891,875
Dividends provided for or paid – note 4	(191,765)	(145,415)	(191,765)	(145,415)
Balance 30 June	<u>1,593,446</u>	<u>1,117,055</u>	<u>3,617,782</u>	<u>3,746,460</u>

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
19. OUTSIDE EQUITY INTERESTS				
Reconciliation of outside equity interests				
• Opening balance	2,844	44,588	-	-
• Share of operating profit	9,261	33,573	-	-
• Acquisition of ecorp outside equity interests from ecorp selective capital reduction	-	(68,807)	-	-
• Less dividends/distributions	<u>(9,323)</u>	<u>(6,510)</u>	<u>-</u>	<u>-</u>
	<u>2,782</u>	<u>2,844</u>	<u>-</u>	<u>-</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	<u>44,433</u>	<u>40,138</u>	<u>-</u>	<u>-</u>
	<u>44,433</u>	<u>40,138</u>	<u>-</u>	<u>-</u>
(ii) Program rights contracted for at balance date, but not provided for, payable:				
• not later than one year	60,904	56,039	-	-
• later than one year and not later than five years	<u>38,076</u>	<u>31,577</u>	<u>-</u>	<u>-</u>
	<u>98,980</u>	<u>87,616</u>	<u>-</u>	<u>-</u>
(b) Lease expenditure commitments				
<u>Finance lease commitments:</u>				
• not later than one year	5,107	5,168	-	-
• later than one year and not later than five years	<u>4,130</u>	<u>9,328</u>	<u>-</u>	<u>-</u>
	<u>9,237</u>	<u>14,496</u>	<u>-</u>	<u>-</u>
Future finance charges on finance leases	<u>(402)</u>	<u>(1,261)</u>	<u>-</u>	<u>-</u>
Lease liabilities	<u>8,835</u>	<u>13,235</u>	<u>-</u>	<u>-</u>
Representing lease liabilities:				
Current	4,706	4,464	-	-
Non current	<u>4,129</u>	<u>8,770</u>	<u>-</u>	<u>-</u>
	<u>8,835</u>	<u>13,234</u>	<u>-</u>	<u>-</u>
<u>Non cancellable operating lease commitments:</u>				
Payable not later than one year	37,670	32,617	-	-
Payable later than one year and not later than five years	36,187	68,733	-	-
Payable later than five years	<u>29,959</u>	<u>46,759</u>	<u>-</u>	<u>-</u>
	<u>103,816</u>	<u>148,109</u>	<u>-</u>	<u>-</u>

Operating leases have an average lease term of approximately 5 years (2003: 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.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
21. STATEMENT OF CASH FLOWS				
(a) Cash balance represents:				
• cash on hand and at bank	100,616	112,682	1,771	1,846
• deposits at call	1,176,089	724,618	-	-
	1,276,705	837,300	1,771	1,846
(b) Reconciliation of the profit from ordinary activities after tax to the net cash flows from operations				
Profit from ordinary activities after tax	677,417	414,401	63,087	433,854
Depreciation and amortisation				
• property, plant and equipment	105,450	100,895	-	-
• intangibles	24,609	25,144	-	-
Program rights amortisation and usage	144,162	161,035	-	-
Payments to program contract creditors	(135,609)	(181,048)	-	-
(Profit)/Loss on sale of property, plant and equipment	(1,555)	40	-	-
Unrealised foreign exchange (gain)/loss	728	4,136	(14,680)	(80,510)
Provision for diminution in the value of investments	-	15,915	-	13,300
Investment distribution	(185,959)	-	-	-
Deferred expenditure written off	-	44,725	-	-
(Profit) on disposal of investments	(7,022)	(146,721)	(594)	(206,000)
Share of associates' net (profit)	(7,404)	(2,091)	-	-
Film and television investments written off	2,768	8,767	-	-
Net non-cash interest (received)/paid from/to controlled entities	-	-	144,847	(305,286)
Non-cash dividends received from controlled entities	-	-	(195,000)	-
Other non cash items	2,500	(2,111)	40,600	35,200
Changes in assets and liabilities				
Trade and other receivables	(12,663)	(23,760)	(79,009)	(4,763)
Doubtful debts	(137)	15	-	-
Inventories	4,884	6,495	-	-
Prepayments	9,323	(2,424)	-	-
Development costs	(5,045)	(10,322)	-	-
Future income tax benefit	(5,086)	(5,025)	55,918	19,569
Other assets	(3,324)	548	-	-
Payables	31,808	56,399	(318)	(4,134)
Provision for income tax	23,353	9,143	6,804	57,642
Provisions for employee entitlements	7,682	7,725	-	-
Other provisions	(537)	(6,022)	(3)	-
Deferred income tax liability	660	24,994	(47,377)	22,801
Exchange rate charge on conversion of assets and liabilities of overseas controlled entities	1,908	(6,303)	-	-
Net Cash Flows from Operating Activities	672,911	494,550	(25,725)	(18,327)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

21. STATEMENTS OF CASH FLOWS (continued)

Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

Bank	2004	2003
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	US\$10 million

Credit facilities

(Amounts in \$ million)

	Facility Type	Maturity	Committed Facility Amount ^o	Facility drawn at 30 June 2004 ^o
			\$ million	\$ million
Senior Bank Facilities				
Bilateral Facility	Cash advance	November 2004	20	20
Bilateral Facility NZD \$14 million	Cash advance	November 2004	12	12
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	205*
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	Senior guaranteed notes	September 2009	163	163
US Private Placement	Senior guaranteed notes	September 2012	194	194
US Private Placement	Senior guaranteed notes	September 2014	206	206
Standby Facility		July 2004	100	-
Standby Facility		December 2004	100	-
Other		June 2005	169	169
Subordinated Debt				
Perpetual Adjusting Rate Securities			<u>300</u>	<u>300</u>
Total Debt			<u>2,871</u>	<u>2,336</u>

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.

^o net of cross currency swaps

* includes pre-acquisition accounting adjustment

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

22. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, PBL (WA) Pty Ltd, a wholly owned subsidiary of Publishing and Broadcasting Limited, has acquired control of Burswood Limited. The cost of acquiring the 82.4% of shares not held at 30 June 2004 will be approximately \$550 million.

In August 2004, PBL completed documentation for a US Private Placement equivalent to A\$633 million (US\$440 million). The US Notes were fully swapped via cross currency swaps to Australian dollars with funding tranches in August 2004, September 2004, December 2004 and January 2005. Maturities range between eight to 15 years. The Notes are supported by a group guarantee from PBL and certain subsidiaries and have similar covenants and conditions to other senior debt.

23. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	2004	2003
Total number of employees at 30 June	<u>8,271</u>	<u>7,892</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 had a current funding deficiency. The company made contributions to the Fund, as determined by the Actuary in consultation with the Trustee, to fund the deficit 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 2004

23. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (continued)

As at the date of the report there are 38 executives eligible to participate.

	2004	2003
Number of ESP shares on issue at year end	8,509,000	12,961,000
Number of ESP shares issued during the year	-	200,000
Market value of ESP shares issued during the year	-	\$1,745,000
Loans to executives at year end	<u>\$86,979,000</u>	<u>\$129,277,000</u>

Consolidated		Parent Entity	
2004	2003	2004	2003
\$'000	\$'000	\$'000	\$'000

24. CONTINGENT LIABILITIES AND RELATED MATTERS

Unsecured	<u>337,805</u>	<u>303,675</u>	<u>1,846,934</u>	<u>1,823,452</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.	-	-	1,501,750	1,527,400
(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	212,805	178,675	220,184	171,052

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	1,515	8,752	-	-
United Kingdom pounds	696	396	-	-
Singapore dollars	15,358	15,023	-	-
Malaysian ringgits	5,283	4,730	-	-
Papua New Guinea kina	1,046	1,276	-	-
New Zealand dollars	5,530	3,404	-	-

Non Current

United States dollars	6,783	369	-	-
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Amounts Receivable

Current

United States dollars	1,111	1,192	-	-
United Kingdom pounds	1,014	742	-	-
Singapore dollars	2,653	2,837	-	-
Malaysian ringgits	2,576	2,256	-	-
Papua New Guinea kina	1,500	1,314	-	-
New Zealand dollars	21,758	17,513	-	-

Non Current

Thailand baht	-	208	-	-
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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
26. AUDITORS' REMUNERATION				
Amounts received, or due and receivable, by the auditor of the parent entity for:				
• Auditing the accounts	896	910	-	-
• Taxation services	1,942	1,923	-	-
• Other services				
o Assurance related	259	116	-	-
o Advice relating to finance structures	514	323	-	-
o Due diligence advice	106	177	-	-
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:				
• Auditing the accounts of controlled entities	85	92	-	-
• Assurance related	17	-	-	-
• Due diligence advice	-	100	-	-
Amounts received, or due and receivable, by auditors other than the auditors of the parent entity for:				
• Auditing the accounts of controlled entities	15	22	-	-
	3,834	3,663	-	-

27. EARNINGS PER SHARE (EPS)

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

Net profit	677,417	414,401
Net (profit) attributable to outside equity interests	(9,261)	(33,573)
Earnings used in calculating basic and diluted EPS	668,156	380,828
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	661,925	661,738

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

Excluding the effect of Specific Items:

Net profit	493,272	339,996
Net (profit) attributable to outside equity interests	(9,261)	(8,140)
Earnings used in calculating basic and diluted EPS	484,011	331,856
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	661,925	661,738

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

28. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

James D Packer	Executive Chairman
Kerry F B Packer	Executive Deputy Chairman
John H Alexander	Chief Executive Officer & Managing Director, PBL & Chief Executive Officer, Australian Consolidated Press
Rowen B Craigie	Chief Executive Officer, Crown Limited
Christopher J Anderson	Non Executive Director (Appointed 9 June 2004)
Graham A Cubbin	Non Executive Director
Rowena Danziger	Non Executive Director
Ashok P Jacob	Non Executive Director
Sir Laurence Muir	Non Executive Director
Richard W Turner	Non Executive Director
Robert M Whyte	Non Executive Director
Peter W Yates	Chief Executive Officer & Managing Director, PBL (Resigned 9 June 2004)

(ii) Specified Executives

James L McLachlan	Chief Executive Officer, PBL Enterprises & Group General Counsel
Geoffrey R Kleemann	Chief Financial Officer
David L Gyngell	Chief Executive Officer, Nine Network Australia
David R Gardiner	Deputy Chief Executive Officer, Australian Consolidated Press
David Courtney	Chief Financial Officer, Crown Limited

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

PBL's independent non-executive directors receive director's fees at a market level designed to remunerate them for their time, commitment and responsibilities. The fees in aggregate are within the \$1.0 million cap for directors' fees approved by PBL's shareholders at the 2003 Annual General Meeting. The non-executive directors of PBL do not receive any performance based remuneration.

PBL's Executive Chairman, Executive Deputy Chairman and non-independent non-executive directors do not receive any director's fees.

In relation to PBL's executives, the Company's remuneration policy is to ensure that executive remuneration packages properly reflect a person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating executives of the highest calibre. As a result, remuneration packages for executive directors and senior executives include a mix of fixed, as well as performance based remuneration. The total remuneration package includes superannuation and other non-cash benefits to reflect the Total Employment Cost (TEC) to the Company, inclusive of any fringe benefits tax.

While senior executives may be offered participation in PBL's Executive Share Plan (ESP), there have been no issues under the ESP during this year.

The review of the remuneration of the Company's Chief Executive Officer is performed by the Executive Chairman and Executive Deputy Chairman.

The review of the remuneration of senior executives is performed by the Executive Chairman, Executive Deputy Chairman and the Chief Executive Officer.

Arrangements affecting Specified Directors' and Specified Executives Remuneration in future periods

The majority of the group comprising Mr John Alexander, Mr Rowen Craigie and the Specified Executives (the Group), are employed under service agreements with the Company. In addition to base salary, non-monetary benefits and superannuation, executives within the Group will retain statutory entitlements including Annual Leave, Long Service Leave and Sick Leave. There are no guaranteed performance based payments for executives within the Group, except for Mr James McLachlan, which is \$100,000 in respect of the financial year ending 30th June 2005.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

28. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

In the event that PBL terminates the service agreement with an executive from the Group for reasons outside the control of the Group member, severance payments of 12 months are payable, except for Mr James McLachlan, whose agreement provides for a minimum 24 months severance payment.

(ii) Remuneration of Specified Directors and Specified Executives

Specified Directors		Primary			Post Employment		Other	Total
		Salary/ Directors Fees	Cash Bonus	Non Monetary Benefits	Superannuation	Equity	Termination Benefits	
James D Packer	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-
Kerry F B Packer	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-
John H Alexander	2004	1,324,650	2,000,000	162,222	129,153	-	-	3,616,025
	2003	1,601,660	2,000,000	57,282	119,219	-	-	3,778,161
Rowen B Craigie	2004	880,950	400,000	182,232	11,002	-	-	1,474,184
	2003	841,197	400,000	9,549	10,519	-	-	1,261,265
Peter W Yates	2004	2,760,288 [^]	-	1,237,426 [#]	11,002	-	6,541,292 ^o	10,550,008
	2003	2,624,999	500,000	632,316	10,519	-	-	3,767,834
Christopher J Anderson	2004	5,194	-	-	467	-	-	5,661
Graham A Cubbin	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-
Rowena Danziger	2004	126,774 [◇]	-	-	11,410	-	-	138,184
	2003	45,000	-	-	4,050	-	-	49,050
Ashok P Jacob	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-
Sir Laurence Muir	2004	126,774 [◇]	-	-	-	-	-	126,774
	2003	45,000	-	-	-	-	-	45,000
Richard W Turner	2004	126,774 [◇]	-	-	11,410	-	-	138,184
	2003	45,000	-	-	4,050	-	-	49,050
Robert M Whyte	2004	85,000	-	-	7,650	-	-	92,650
	2003	45,000	-	-	4,050	-	-	49,050
Total Remuneration: Specified Directors								
	2004	5,436,404	2,400,000	1,581,880	182,094	-	6,541,292	16,141,670
	2003	5,247,856	2,900,000	699,147	152,407	-	-	8,999,410

Specified Executives

James L McLachlan	2004	1,128,111	200,000	123,877	158,843	-	-	1,610,831
Geoffrey R Kleemann	2004	745,181	300,000	71,811	111,777	-	-	1,228,769
David L Gyngell	2004	446,831	450,000	84,929	11,002	-	-	992,762
David R Gardiner	2004	407,000	250,000	64,592	39,005	-	-	760,597
David G Courtney	2004	548,998	127,025	52,886	11,002	-	-	739,911
Total Remuneration: Specified Executives								
	2004	3,276,121	1,327,025	398,095	331,629	-	-	5,332,870

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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

28. DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

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

^ This amount includes annual leave and long service leave entitlements paid on cessation of employment.

This amount relates to an interest free housing loan made to Mr Yates as part of his service agreement with the Company, as well as the difference between the Company's average cost of gross borrowings for the year ended 30th June 2004 and the interest charged on a loan to Mr Yates to acquire PBL shares issued under PBL's Executive Share Plan.

o This amount was paid to Mr Yates on cessation of employment and was in accordance with the terms of his service agreement with the Company. The calculation was based on the remaining period of that service agreement.

◇ Includes Directors' fees for serving on the Boards of PBL and Crown Limited.

(c) Shareholdings of Specified Directors and Specified Executives

Specified Directors

Ordinary Shares held In PBL	Balance 1 July 2003 Ordinary	Issued under Executive Share Plan Ordinary	Net Change Other Ordinary	Balance 30 June 2004 Ordinary
James D Packer*	-	-	-	-
Kerry F B Packer	247,572,325	-	-	247,572,325
John H Alexander	562,500	-	(30,000)	532,500
Rowen B Craigie	425,000	-	(75,000)	350,000
Peter W Yates	1,923,077	-	-	1,923,077
Christopher J Anderson	-	-	11,941	11,941
Graham A Cubbin	9,859	-	-	9,859
Rowena Danziger	18,876	-	4,000	22,876
Ashok P Jacob	-	-	-	-
Sir Laurence Muir	11,126	-	-	11,126
Richard W Turner	20,000	-	-	20,000
Robert M Whyte	10,000	-	90,000	100,000

* Mr Packer acquired 73,000 PBL shares on 15th September, 2004

Specified Executives

	Balance 1 July 2003 Ordinary	Issued under Executive Share Plan Ordinary	Net Change Other Ordinary	Balance 30 June 2004 Ordinary
James L McLachlan	575,000	-	-	575,000
Geoffrey R Kleemann	510,000	-	(250,000)	260,000
David L Gyngell	200,000	-	-	200,000
David R Gardiner	200,000	-	(100,000)	100,000
David G Courtney	175,000	-	(75,000)	100,000

All changes disclosed under "Other" are the result of on-market transactions.

The Company does not have any options on issue.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

28. DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

(d) Loans to specified directors and specified executives

Details of individuals with loans above \$100,000 in the reporting period are as follows:

Specified Directors

	Balance as at 01-Jul-03	Interest charged	Interest not charged	Balance 30-Jun-04	Highest owing in period
	\$	\$	\$	\$	\$
J H Alexander	4,704,375	154,375	83,989	2,245,000	4,704,375
R B Craigie	5,197,500	161,750	169,434	4,458,000	5,197,500
P W Yates	26,000,000*	826,923	545,077	26,000,000 [^]	26,000,000*
Total specified directors	35,901,875	1,143,048	798,500	32,703,000	35,901,875

Specified Executives

James McLachlan	5,157,250	247,250	106,537	5,157,250	5,157,250
Geoffrey Kleemann	3,557,000	131,000	52,608	1,796,000	3,557,000
David Gyngell	2,384,000	86,000	77,542	2,384,000	2,384,000
David Gardiner	1,862,000	58,000	38,932	964,000	1,862,000
David Courtney	1,931,500	54,250	52,886	1,192,000	1,931,500
Total specified executives	14,891,750	576,500	328,505	11,493,250	14,891,750

*This amount includes an interest free Housing loan of \$6,000,000 provided to Mr Yates when he joined PBL as part of his service agreement with the Company. The loan is secured by a first mortgage, and under the terms of his service agreement, must be repaid within one year from the cessation of employment with the Company. At the date of this report the balance outstanding on the housing loan was \$2,300,000.

[^]Under the terms agreed between the Company and Mr Yates on his cessation of employment, Mr Yates has agreed to act as a consultant to the Company in relation to specific matters until 3 May 2006. In consideration of this, the Company has agreed that the loan provided by the Company in relation to the shares issued to Mr Yates under PBL's Executive Share Plan (ESP), can be repaid not later than 3 May 2006. Mr Yates will receive no other consideration for this consultancy.

All other loan amounts for specified directors and specified executives relate to monies advanced by PBL to purchase PBL shares issued under PBL's ESP. The conditions under which ESP issues are made are contained in note 23. Interest is charged on ESP loans and is equal to the dividends received on the relevant PBL shares from time to time.

The average cost of gross borrowings for PBL for the year ended 30 June 2004 was 6.86%.

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

Purchases

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 2004 were \$1,929,000. In addition, CPH provided leased premises, car parking and other facilities at a charge of \$1,337,000. 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 2004 was \$675,000. A controlled entity of CPH also provided accommodation services to PBL and its controlled entities of \$15,000 and advertising of \$233,000.

Sales

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 2004 was \$530,000 and for commercial production was \$105,000. PBL and its controlled entities also provided CPH with hotel rooms for \$51,000, accounting and other services of \$120,000, information technology services of \$210,000 and leased premises of \$632,000.

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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

29. SEGMENT INFORMATION

PBL operates three 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,

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

	Television		Magazines		Gaming		Unallocated		PBL Group	
	30 June 2004	30 June 2003	30 June 2004	30 June 2003	30 June 2004	30 June 2003	30 June 2004	30 June 2003	30 June 2004	30 June 2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Business Segment										
Operating revenue*										
Total	874,863	782,084	742,104	699,898	1,201,340	1,143,471	306,647	261,108	3,124,954	2,886,561
Intersegment	(5,327)	(4,471)	(1,836)	(1,615)	(1,449)	(1,056)	(3,385)	(3,968)	(11,997)	(11,110)
External customers	869,536	777,613	740,268	698,283	1,199,891	1,142,415	303,262	257,140	3,112,957	2,875,451
Interest revenue									56,592	46,647
Total revenue from ordinary activities	869,536	777,613	740,268	698,283	1,199,891	1,142,415	303,262	257,140	3,169,549	2,922,098
Segment result										
Earnings before interest, tax, depreciation and amortisation "EBITDA"	280,114	217,711	210,621	174,969	375,646	330,908	(17,712)	(36,077)	848,669	687,511
Depreciation and amortisation	(18,625)	(16,774)	(8,288)	(8,094)	(94,157)	(92,108)	(8,989)	(9,063)	(130,059)	(126,039)
Earnings before interest and tax "EBIT"	261,489	200,937	202,333	166,875	281,489	238,800	(26,701)	(45,140)	718,610	561,472
Specific items	-	(16,227)	-	(3,000)	-	(2,706)	184,014	70,905	186,014	48,972
Equity accounted share of associates' net profit									7,404	2,091
Net interest (expense)									(105,630)	(112,322)
Profit from operating activities before income tax and minority interests									806,398	500,203
less: tax expense									(128,981)	(85,802)
Profit from operating activities after tax									677,417	414,401
Total assets employed ^	1,936,963	1,828,539	1,578,849	1,537,133	1,973,088	2,064,647	2,052,642	1,608,115	7,541,542	7,038,434
Total liabilities	393,373	361,670	225,546	204,101	457,940	563,543	2,243,291	2,167,271	3,320,150	3,296,585
Acquisition of non-current assets	39,250	29,168	12,871	84,740	78,515	96,026	116,442	53,346	247,078	263,280
Investments in associates	4,764	4,764	658	451	-	-	310,823	275,304	316,245	280,519
Non-cash expenses (other than dephn & amort)	5,031	635	1,568	6,246	14,212	18,255	793	358	21,604	25,494

* The revenue includes proceeds from asset sales

^ Unallocated assets include PBL Enterprises investments of \$606.8 million (2003: \$530.5 million) and unallocated cash on deposit of \$1,124.4 million (2003: \$710.6 million)

b) Geographical Segment

The consolidated entity operates principally within Australia.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

30. RELATED PARTY DISCLOSURES

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 2004 were \$1,929,000 (2003 - \$1,806,000). In addition, CPH provided leased premises, car parking and other facilities at a charge of \$1,337,000 (2003 - \$815,000).

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 2004 was \$675,000 (2003 - \$471,000). A controlled entity of CPH also provided accommodation services to PBL and its controlled entities of \$15,000 (2003-\$Nil) and advertising of \$233,000 (2003-\$Nil).

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 2004 was \$530,000 (2003 - \$686,000) and for commercial production was \$105,000 (2003 - \$198,000). PBL and its controlled entities also provided CPH with hotel rooms for \$51,000 (2003 - \$28,000), accounting and other services of \$120,000 (2003 - \$120,000), information technology services of \$210,000 (2003 - \$210,000) and leased premises of \$632,000 (2003 - \$702,000).

In the previous year, 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 2003 financial year. The options were cancelled during the prior 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 \$2,269,000 for the year (2003 - \$1,410,000). Charges by controlled entities of PBL to ninemsn were for hotel costs of \$5,000 (2003: \$7,000), production costs of \$121,000 (2003 - \$45,000) and online advertising of \$1,505,000 (2003 - \$1,095,000). ninemsn charged controlled entities of PBL \$2,612,000 (2003 - \$2,189,000) for advertising and \$667,000 (2003 - \$Nil) for wireless related services.

Equity investments provided to ninemsn during the year totalled \$Nil (2003 - \$2,250,000).

PBL has guaranteed the performance of a controlled entity 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.

After Seek became an associated entity in October 2003, PBL and its controlled entities provided advertising valued at \$459,000 at no charge to Seek under the terms of the joint venture agreement. Payments of \$1,000 were made by controlled entities of PBL to Seek for classified advertising.

PBL and its controlled entities provided advertising to Foxtel for a charge of \$3,677,000 (2003 - \$2,780,000) as well as charging \$180,000 (2003 - \$350,000) for production and link costs and \$146,000 (2003 - \$74,000) for hotel costs. Payments were made by controlled entities of PBL to Foxtel for subscription and installation costs of \$333,000 (2003 - \$198,000) and production costs totalling \$Nil (2003 - \$21,000).

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 \$Nil (2003 - \$25,000,000).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

30. RELATED PARTY DISCLOSURES (continued)

PBL and its controlled entities charged Fox Sports with production services and satellite links at a cost of \$327,000 (2003 - \$820,000) and provided hotel rooms for \$2,000 (2003 - \$Nil). Payments were made by controlled entities of PBL to Fox Sports for subscription costs of \$13,000 (2003 - \$53,000) and advertising of \$141,000 (2003 - \$Nil).

Payments were made by controlled entities of PBL to Television and Media Services Limited (TMS) for outside broadcast costs of \$11,344,000 (2003 - \$2,071,000 - after TMS became an associated entity in May 2003).

PBL and its controlled entities provided production services and satellite links to Australian News Channel at a cost of \$232,000 (2003 - \$31,000).

Advertising was provided by PBL and its controlled entities to Wizard to the value of \$1,171,000 (2003 - \$1,077,000) during the year as well as \$160,000 (2003 - \$244,000) in commercial production services and \$28,000 (2003 - \$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. \$500,000 was repaid on this loan during the year (2003 - \$1,000,000). The loan was fully repaid by 30 June 2004 (2003 - \$500,000). A loan has been made to Fox Sports on which interest of \$603,000 (2003 - \$1,619,000) was charged during the financial year and principal of \$17,500,000 (2003 - \$15,000,000) was repaid. The balance of the loan to Fox Sports at 30 June 2004 was \$Nil (2003 - \$17,500,000). A loan of \$17,500,000 was made to Foxtel during the financial year on which interest of \$446,000 was charged. The principal was fully repaid at reporting date.

All the services provided to or from other related parties are under normal commercial terms and conditions with the exception of ninemsn and Seek 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 2004			
	PBL		Crown Limited
	Ordinary Shares	Ord. Shares Issued Under the ESP*	Unsecured Notes
Kerry F B Packer	247,572,325	-	-
John H Alexander	282,500	250,000	-
Christopher J Anderson	11,941	-	-
Rowen B Craigie	-	350,000	-
Graham A Cubbin	9,859	-	-
Rowena Danziger	22,876	-	-
Sir Laurence Muir	11,126	-	-
Richard W Turner	20,000	-	-
Robert M Whyte	100,000	-	30,954

* PBL's Executive Share Plan

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

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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

30. RELATED PARTY DISCLOSURES (continued)

Loans to directors

Mr J Alexander and Mr R Craigie are participants in the Executive Share Plan of which an amount of \$6,829,000 (2003 - \$30,222,000) has been advanced on their behalf. The 2003 year included Mr Peter Yates who was no longer a director of the Company at 30 June 2004. No shares were issued to directors during the financial year (2003 – Nil). There were repayments by directors during the year of \$3,199,000 (2003 - \$Nil). Shares are issued in accordance with the conditions in note 23.

An interest free housing loan of \$6,000,000 (2003: \$6,000,000) has been advanced to Mr Peter Yates, who resigned as a director of PBL on 9 June 2004. The loan is a limited recourse loan and is secured by a first mortgage. Under the terms of Mr Yates' employment contract, the loan is to be repaid in full within one year of ceasing employment with PBL. From 10 June 2004, interest has been charged at the ANZ standard variable home loan interest rate. Interest received to 30 June 2004 was \$24,406. At the date of this report the balance outstanding on the housing loan was \$2,300,000.

31. INVESTMENT IN CONTROLLED ENTITIES

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2004	2003
			%	%
Publishing and Broadcasting Limited			Parent Entity	
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
JTA Developments Pty Ltd	A	Australia	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		Australia	100	100
ACP New Zealand Mastheads Pty Ltd		Australia	100	100
ACP Publishing Pty Ltd	C	Australia	100	100
ACP Custodians Pty Ltd	C	Australia	100	100
ACP Media Ltd	D	New Zealand	100	100
ACP Netguide Mastheads (NZ) Limited	D	New Zealand	100	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

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2004	2003
			%	%
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
Property Press Central Limited	B,D	New Zealand	50	50
Property Press Eastern (1997) 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 Media (UK) Limited	A	United Kingdom	100	-
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
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		Australia	75	75
Hearst/ACP Partnership	B		50	50
Stats on Sports Pty Ltd		Australia	100	100
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	100
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 Ltd	E	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	100
Bellfix Pty Limited		Australia	100	100
Cessray Pty Limited		Australia	100	100
ecorp Holdings Ltd		Bahamas	100	100
ecorp International Investments Ltd		Bahamas	100	100
ecorp International Ltd		Bahamas	100	100
PBL Online Pty Limited		Australia	100	100
Pennwin Pty Limited		Australia	100	100
ecorp Finance Pty Limited		Australia	100	100
Prenew Pty Limited		Australia	100	100
Ticketek Pty Ltd		Australia	100	100
BASS New Zealand Limited	D	New Zealand	100	100
Queensland Leisure Ticketing Systems Trust			100	100
Softix Pty Ltd		Australia	100	100
Ticketek Investments Limited		Bahamas	100	100
Ticketek Limited		Hong Kong	100	100

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2004	2003
			%	%
Ticketek Queensland Pty Ltd		Australia	100	100
Ticketek Services Limited	D	New Zealand	100	100
Ticketek New Zealand Limited	D	New Zealand	100	100
Zacchaeus Pty Ltd		Australia	100	100
Ticketek Trust			100	100
Ticketek Victoria Pty Ltd		Australia	100	100
White Whale Pty Ltd		Australia	100	100
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 MH1 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
GTT Investments Limited (formerly Ecom.com.Two Ltd)	D	Mauritius	100	100
GTT Property Company Limited	D	Thailand	100	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
PBL 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
Swansea Investments Limited	A,D	Hong Kong	100	-

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity	
			2004	2003
			%	%
PBL Surefire Investment Pty Ltd		Australia	100	100
PBL (WA) Pty Limited (formerly Wilfex Pty Limited)		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
Windfyr Pty Limited		Australia	100	100
Crown Limited	F	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 Holdings Pty Ltd	A	Australia	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 2004.
 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" and "Extended Closed Group" (refer note below).
 D. Controlled entities which are audited by other member firms of Ernst & Young International.
 E. Controlled entities which are not audited by other member firms of Ernst & Young International.
 F. Members of the "Extended Closed Group" only.

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 2004 are:

	Closed Group		Extended Closed Group	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Consolidated profit and loss statement				
Profit from ordinary activities before income tax	87,343	356,182	367,878	324,869
Income tax (expense)/benefit on ordinary activities	7,968	(12,862)	(9,208)	(38,726)
Net profit after income tax	95,311	343,320	358,670	286,143
Net (profit) attributable to outside equity interests	(5,980)	(5,253)	(5,980)	(5,253)
Retained profits at the beginning of the financial year	285,153	20,139	766,202	648,377
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	(192,137)	(145,796)	(192,137)	(145,796)
Retained profits at the end of the financial year	182,347	285,153	926,755	766,202

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

31. INVESTMENT IN CONTROLLED ENTITIES (continued)

	Closed Group		Extended Closed Group	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Consolidated balance sheet				
Current Assets				
Cash and deposits	721,569	354,007	807,983	456,219
Receivables	387,766	319,638	410,419	354,298
Inventories and program rights	128,358	127,201	133,733	133,685
Other	31,628	40,037	35,815	47,397
Total Current Assets	1,269,321	840,883	1,387,950	991,599
Non Current Assets				
Receivables	1,968,585	3,500,485	2,123,794	3,648,948
Inventories and program rights	41,134	25,249	41,134	25,249
Investments	5,186,709	5,209,569	4,489,081	6,239,203
Property, plant and equipment	141,680	138,177	1,354,908	1,360,578
Licences and mastheads	1,733,607	1,733,522	1,995,342	2,003,996
Other	39,854	19,726	121,899	190,796
Total Non Current Assets	9,111,569	10,626,728	10,126,158	13,468,770
Total Assets	10,380,890	11,467,611	11,514,108	14,460,369
Current Liabilities				
Payables	328,098	321,527	463,584	463,986
Interest bearing liabilities	276,657	14,231	276,657	14,231
Provisions	33,093	(23,009)	73,125	58,423
Total Current Liabilities	637,848	312,749	813,366	536,640
Non Current Liabilities				
Payables	79,314	3,052,731	80,243	3,032,271
Interest bearing liabilities	6,740,847	5,088,603	6,692,902	7,277,420
Provisions	116,020	101,843	376,328	221,304
Total Non Current Liabilities	6,936,181	8,243,177	7,149,473	10,530,995
Total Liabilities	7,574,029	8,555,926	7,962,839	11,067,635
Net Assets	2,806,861	2,911,685	3,551,269	3,392,734
Equity				
Contributed equity	2,182,834	2,182,834	2,182,834	2,182,834
Reserves	440,021	441,642	440,021	441,642
Retained profits	182,347	285,153	926,755	766,202
Total parent entity interest in equity	2,805,202	2,909,629	3,549,610	3,641,678
Outside equity interest				
Issued capital	152	653	152	653
Retained profits	1,507	1,403	1,507	1,403
Total outside equity interest	1,659	2,056	1,659	2,056
Total Equity	2,806,861	2,911,685	3,551,269	3,392,734

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

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
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(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: 7 days (2003: 17 days). Can be liquidated within one day at prevailing market rates.
Treasury notes		Average maturity: 47 days (2003: 46 days). Can be liquidated within one day at prevailing market rates.
Debentures		Average maturity: 6 months (2003: 6 months)

(ii) Financial Liabilities

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.

(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 2004

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\$35,000,000 (2003 - US\$32,645,000) at an average rate of US\$ 0.7071 (2003 - US\$ 0.6336). 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 4.65% commencing 1 July 2003 due to expire in July 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.
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
	2004	2003
	\$'000	\$'000
Listed securities	<u>114.656</u>	<u>21.368</u>
	<u>146.084</u>	<u>49.306</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 asset of \$3,516,779 (2003: financial liability of \$28,348,500).

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 asset of \$1,286,858 (2003: financial liability of \$2,452,595).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

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\$1,286,858 (2003 - \$Nil).
- ii) interest rate swap contracts – which are limited to the net fair value of the swap agreement at reporting date, being \$3,516,779 (2003: \$Nil).

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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 %	2003 %
Financial Assets														
Cash at bank	10,623	78,013	-	-	-	-	-	-	89,992	112,682	100,615	190,695	5.00%*	4.73%*
Cash on deposit	571,504	99,203	205,616	201,026	-	-	-	-	-	-	777,120	300,229	5.77%	4.59%
Bills of exchange and promissory notes	393,970	341,376	-	-	-	-	-	-	-	-	393,970	341,376	5.34%	4.75%
Treasury notes	3,000	3,000	-	-	-	-	-	-	-	-	3,000	3,000	5.47%	4.45%
Debentures	2,000	2,000	-	-	-	-	-	-	-	-	2,000	2,000	5.39%	4.66%
Receivables-trade	-	-	-	-	-	-	-	-	389,953	363,321	389,953	363,321	N/A	N/A
Receivables-other	6,000	-	37,626	7,667	46,975	94,387	-	600	30,190	24,542	120,791	127,196	4.70%*	2.31%*
Receivables - associates	-	17,500	-	-	-	-	-	-	690	1,427	690	18,927	N/A	5.71%*
Receivables - directors	-	-	4,159	2,780	2,670	27,443	-	-	-	6,000	6,829	36,223	4.48%	2.21%*
Listed investments	-	-	-	-	-	-	-	-	114,656	21,368	114,656	21,368	N/A	N/A
Unlisted investments	-	-	-	-	-	-	-	-	565,337	524,019	565,337	524,019	N/A	N/A
Total Financial Assets	987,097	541,092	247,401	211,473	49,645	121,830	-	600	1,190,818	1,053,359	2,474,961	1,928,354		

* This rate relates to the interest bearing loans.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

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	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 %	2003 %
Financial Liabilities														
Trade and other creditors	-	-	600	600	2,400	2,400	-	600	665,695	611,739	668,695	615,339	5.95%*	5.95%*
Bank facilities	12,732	38,368	-	-	-	-	-	-	-	-	12,732	38,368	6.30%	5.80%
Bills of exchange	20,000	22,616	-	-	-	-	-	-	-	-	20,000	22,616	5.45%	4.83%
Unsecured notes	-	-	-	-	205,584	210,560	-	-	-	-	205,584	210,560	9.50%	9.50%
Other loans	328,822	328,822	-	-	-	-	-	-	-	-	328,822	328,822	5.31%	4.57%
Senior guaranteed notes	-	-	-	-	507,357	507,357	561,531	561,531	-	-	1,068,888	1,068,888	6.65%	5.82%
Medium term notes	150,000	-	250,000	-	-	250,000	-	150,000	-	-	400,000	400,000	6.19%	5.45%
Subordinated debt	300,000	300,000	-	-	-	-	-	-	-	-	300,000	300,000	7.48%	6.68%
Finance lease/ Hire purchase liability	-	-	4,859	4,862	4,188	8,981	-	-	-	-	9,047	13,843	6.15%	6.15%
Forward exchange contracts	(50,782)	(48,784)	49,495	51,237	-	-	-	-	-	-	(1,287)	2,453	N/A	N/A
Interest rate swaps	(850,000)	(1,150,000)	200,000	200,000	500,000	350,000	150,000	600,000	-	-	-	-	N/A	N/A
Total Financial Liabilities	(89,228)	(508,978)	504,954	256,699	1,219,529	1,329,298	711,531	1,312,131	665,695	611,739	3,012,481	3,000,889		

* This rate relates to the interest bearing loans.

33. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

PBL has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). PBL has allocated internal resources and consulted experts to identify key areas that will be impacted by the transition to IFRS. As PBL has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when PBL prepares its first fully IFRS compliant financial report for the year ending 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of PBL. At this stage the company has not, in most areas, been able to reliably quantify the potential impacts on the financial report.

Classification of Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement", financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

33. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (continued)

Hedge Accounting

Under AASB 139 "Financial Instruments: Recognition and Measurement" in order to achieve a qualifying hedge, PBL is required to meet the following criteria:

- Identified the type of hedge - fair value or cash flow;
- Identify the hedged item or transaction;
- Identify the nature of the risk being hedged;
- Identify the hedging instrument;
- Demonstrate that the hedge has and will continue to be highly effective; and
- Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

This will result in a change in the entity's current accounting policy which applies hedge accounting to its purchase of inventory under forward foreign exchange contracts. It will also change the accounting policy for interest rate swaps and other derivatives entered into by PBL. PBL is working through the documentation requirements to ensure all hedge relationships are adequately identified and documented. Under the new policy hedge accounting will no longer be able to be applied to general hedges and all gains and losses on these contracts will be recognised in the income statement. Reliable estimation of the future financial effect of this change in accounting policy has not yet been measured.

Goodwill

Under AASB 3 "Business Combinations", goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in PBL's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Intangible Assets

Under AASB 138 "Intangible Assets", recorded intangible assets with an indefinite life are not amortised, but are subject to an annual impairment test to ensure the recoverable amount is not less than the carrying value. This treatment is consistent with PBL's current treatment of television licences and magazine mastheads.

No revaluation of intangible assets is permitted unless there exists an active market for the asset. With no active market for television licences, the increase that PBL recorded in carrying value above cost in a previous financial year will be reversed against reserves in the amount of \$423 million.

In addition, AASB 138 imposes specific rules as to when an intangible asset can be recognised. PBL are currently considering whether the Mastheads recognised meet these recognition requirements. Should the Mastheads not meet these requirements some balances may be written off against Retained Earnings and some balances may be transferred to Goodwill.

Impairment of Assets

Under AASB 136 "Impairment of Assets", the test for impairment of intangible assets is to be performed at the individual asset level or, where the individual asset does not generate independent cash flows, the test is performed at the Cash Generating Unit (CGU) level. The CGU is defined as being the smallest identifiable group of assets that generate cash flows largely independent of other assets. PBL is still working towards a determination of what impact, if any, this will have on the carrying value of its magazine mastheads, as such, an estimation of financial impact cannot yet be measured.

Employee Benefits

Under AASB 119 "Employee Benefits", employer sponsors are required to recognise the net surplus or deficit in their employer sponsored defined benefit funds as an asset or liability, respectively. This will result in a change in PBL's current accounting policy which does not currently recognise the net assets/liabilities of the defined benefit fund. Under the new policy, PBL will be required to recognise an asset of the defined benefit fund for the net surplus based on an actuarial calculation of the position of the fund. The initial adjustment on transition will be through retained earnings and subsequent adjustments will be to net profit or loss for the period. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the actuarial calculations have not yet been completed as at 30 June 2004.

Income taxes

Under AASB 112 "Income Taxes", PBL will be required to use a balance sheet liability method, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The adoption of this method is likely to result in the recognition of additional Deferred Tax Liabilities, however, the amounts involved have not yet been quantified.

SHAREHOLDER INFORMATION

Substantial Shareholders

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

	<u>Number of Ordinary Shares</u>	<u>% of Issued Capital</u>
1. Consolidated Press Holdings Limited	247,572,325	37.40
2. Permanent Trustee Company Limited	63,987,492	9.67
3. Perpetual Trustees Australia Limited	55,159,917	8.33
4. Commonwealth Bank of Australia	53,311,435	8.05

(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	36,359	2.46
1,001 - 5,000	12,506	4.08
5,001 - 10,000	972	1.05
10,001 - 100,000	533	2.06
100,000 +	143	90.35
Total	50,513	100.00
Holding less than a marketable parcel	709	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	65,338,976	9.87
4. National Nominees Limited	42,534,852	6.43
5. RBC Global Services Australia Nominees Pty Limited (PIPOOLED A/C)	35,029,168	5.29
6. Westpac Custodian Nominees Limited	23,530,674	3.55
7. ANZ Nominees Limited	14,865,102	2.25
8. Westpac Custodian Nominees Limited (Foreign Account)	14,310,521	2.16
9. Cogent Nominees Pty Limited	10,952,670	1.65
10. Citicorp Nominees Pty Limited	10,655,042	1.61
11. Citicorp Nominees Pty Limited (CFS WSLE Geared Shr Fnd A/C)	10,147,319	1.53
12. WIN Television NSW Pty Limited	9,981,334	1.51
13. Citicorp Nominees Pty Limited (CFS WSLE Imputation Fnd A/C)	9,606,701	1.45
14. Queensland Investment Corporation	8,582,379	1.30
15. AMP Life Limited	7,190,462	1.09
16. RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	6,814,860	1.03
17. Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	6,028,462	0.91
18. Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fnd A/C)	4,753,269	0.72
19. RBC Global Services Australia Nominees Pty Limited (PIIC A/C)	4,653,021	0.70
20. Consolidated Press Investments Pty Limited	4,404,021	0.67
Top 20 Holders	530,678,073	80.17
Others	131,246,927	19.83
	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, (61 3) 9415 4000 or by fax (61 3) 9473 2500.

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

REGISTERED OFFICE

2nd Floor, 54 Park Street
Sydney, NSW 2000
Tel: (02) 9282 8000
Fax: (02) 9282 8828

AUSTRALIA

Australian Consolidated Press Limited
54 Park Street
Sydney NSW 2000
Tel: (02) 9282 8000
Fax: (02) 9267 2111

Trader Classifieds
Level 1, 82 Waterloo Road
North Ryde NSW 2113
Tel: (02) 8875 4444
Fax: (02) 9888 4727

Trader Classifieds
73 Atherton Road
Oakleigh VIC 3166
Tel: (03) 9567 4200
Fax: (03) 9563 4554

ACP Publishing Pty Limited
102-108 Toorak Road
South Yarra VIC 3141
Tel: (03) 9823 6333
Fax: (03) 9823 6300

ACP Publishing Pty Limited
Level 3, Lobby 2
Citylink Building
153 Campbell Street
Bowen Hills QLD 4006
Tel: (07) 3000 8500
Fax: (07) 3000 8555

TCN Channel Nine Pty Limited
24 Artarmon Road
Willoughby NSW 2068
Tel: (02) 9906 9999
Fax: (02) 9958 2279

General Television Corporation Pty Limited
22 Bendigo Street
Richmond VIC 3121
Tel: (03) 9429 0201
Fax: (03) 9429 3670

Queensland Television Limited
Sir Samuel Griffith Drive
Mt Coot-Tha QLD 4066
Tel: (07) 3214 9999
Fax: (07) 3214 9909

Territory Television Pty Limited
Blake Street, Gardens Hill
Darwin NT 0820
Tel: (08) 8981 8888
Fax: (08) 8981 6802

Channel 9 Canberra Bureau
Suite 114, Press Gallery
Parliament House, ACT 2600
Tel: (02) 6273 3300
Fax: (02) 6273 3097

Crown Limited
8 Whiteman Street
Southbank VIC 3006
Tel: (03) 9292 8888
Fax: (03) 9292 6600

Crown Limited
The Chambers
Suite 1003, Level 10
370 Pitt Street
Sydney NSW 2000
Tel: (02) 9283 8686
Fax: (02) 9283 8683

Burswood Limited
Great Eastern Highway
Burswood WA 6100
Tel: (08) 9362 7777
Fax: (08) 9470 1789

Ticketek Pty Ltd
Level 6, 171 Clarence Street
Sydney NSW 2000
Tel: (02) 9266 4000
Fax: (02) 9299 8277

HONG KONG

Crown Representative Office
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MALAYSIA

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Fax: (603) 2166 0489

NEW ZEALAND

ACP Media Ltd
ACP Media Centre
Cnr Fanshawe & Beaumont Streets
Westhaven
Auckland NZ 7129
Tel: (64) 9 308 2700
Fax: (64) 9 308 2878

Ticketek New Zealand Limited
Level 2, 345 Queen Street
Auckland
Tel: (64 9) 307 5051
Fax: (64 9) 309 6228

PAPUA NEW GUINEA

Media Niugini Limited
Garden City, Boroko
NCD, Port Moresby
Tel: (675) 325 7322
Fax: (675) 325 6991

REPUBLIC OF IRELAND

Publishing and Broadcasting International
Holdings Limited
C/- Congress International Finance
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Co. Kildare
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Fax: (353) 45 849 110

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Singapore 049317
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Fax: (65) 6227 7002

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#17-09 Tower A - Ngee Ann City
Singapore 238873
Tel: (65) 6738 7300
Fax: (65) 6235 2350

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Suite 6, 8th Floor
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21/99 South Sathorn Road, Sathorn
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UNITED STATES OF AMERICA

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