



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
23 February 2007**

**PBL ANNOUNCES FIRST HALF
NORMALISED NET PROFIT of \$354 million**

SYDNEY: Publishing and Broadcasting Limited (ASX: PBL) today announced a Normalised Net Profit after Tax (i.e. 'NPAT' at theoretical and before non-recurring items) for the half year to 31 December 2006 of \$353.6 million, an increase of 1.3% for the period.

Reported NPAT of \$340 million is down 12% (previous period \$387 million) and was negatively impacted by \$13.3 million from a below theoretical win rate whereas the prior period benefited by \$38.2 million from an above theoretical win of \$21 million and a non recurring gain of \$17 million.

Cash flow generated from operations was \$275 million for the half. PBL increased net debt by \$468 million to \$2,205 million at December 2006.

The Executive Chairman, James Packer said "the past six months was a significant time period for PBL."

"The recapitalisation of PBL's television, magazine and some on-line assets - is a defining transaction."

"The transaction closed on February 7, with approximately \$4.6 billion of cash injected into the PBL Group. Following the redemption of approximately \$1.9 billion of debt, the PBL Group will have approximately \$3 billion of gross cash and much reduced on-going debt of approximately \$570m."

"We are pursuing avenues to invest, but we will be a patient and deliberate investor, totally focused on enhancing shareholder value and returns."

"Another highlight has been our gaming assets with the Australian casinos delivering strong earnings growth, and Burswood in particular continuing to outperform. Also the highly successful IPO of 17.2% of our Macau joint venture (MPEL) on NASDAQ was completed in December. PBL has contributed approximately \$600m of equity to the joint venture, which is currently being valued at considerably higher prices. During the six months the Belfair business has continued to grow and PBL completed the acquisition of a 50% stake in Aspinalls."

"Our traditional media, is facing a more challenging competitive and revenue environment and management continues to reposition for growth and expansion, while protecting margins."

"Our new media and internet businesses, ninemsn, SEEK, Carsales, FoxSports and Foxtel, together with Hoyts and Ticketek, all performed well."

"The interim dividend for the Fiscal 2006 year is 30 cents per share, the same as the prior period."

Chief Executive Officer of PBL, Mr John Alexander, said:

"Total normalised revenue grew 2.3%, with normalised group margins of 29.5%."

"Both Crown and Burswood performed well with solid revenue and earnings growth. Normalised EBITDA for the gaming division increased by 9.7% to \$291.1 million with reported EBITDA of \$274.5 million compared to \$295.8 million in the prior period. The Gaming division win rate was below theoretical by \$16.6 million versus an above theoretical win of \$30.4 million last period."

“Our magazine business increased EBITDA by 1.3%, to \$135.7 million and improved its operating margin to 31.1% despite a decline in revenue. In all magazine fields it maintained its market leadership.”

“The Group’s normalised equity accounted earnings were up \$2.4 million, to \$38.1 million, driven by improved contributions from our internet and pay TV businesses offset by losses from our Macau joint venture (MPEL), with pre-opening costs being expensed, together with losses incurred in establishing Betfair in Australia.”

GAMING

Crown/Burswood (100%)

PBL’s normalised gaming EBITDA of \$291.1 million was \$25.7 million higher than last period, reflecting particularly strong growth at Burswood. Reported gaming EBITDA for the period was \$274.5 million, and includes a below theoretical VIP Program win rate of 1.21% for the six months.

The below theoretical win rate had a \$16.6 million negative impact on reported EBITDA this period, whereas last period reflected an above theoretical win rate of 1.64% which had a positive impact on reported EBITDA of \$30.4 million.

Normalised revenue increased by 8.9% over the prior period to \$932 million with Burswood and Crown’s “high end” business (including VIP program play) particularly strong. However, increases in petrol prices and interest rates impacted “low end” visitation and revenue at Crown. Reported revenue increased to \$913 million. VIP Program turnover of \$13.6 billion increased by \$1.7 billion compared with the prior six month period.

Costs increased by approximately 7% due to increased patronage at Burswood and higher VIP Program volumes at both properties.

The normalised EBITDA gaming margin increased slightly to 31.2%.

Macau (41.4%)

The joint venture has successfully listed a 17.2% stake on NASDAQ in December with approximately USD1.32 bn of gross proceeds (or US\$1.23 bn after costs) paid into Melco PBL Entertainment (MPEL) as fresh equity. PBL has contributed approximately A\$600 million of equity and the joint venture now has over US\$2bn of contributed capital. The current market value of PBL’s equity stake in MPEL is well in excess of PBL’s cost. As a result of the listing and consequent increase in MPEL’s book equity PBL has recognised an uplift in carrying value of approx \$488 million with \$342 million credited to reserves and \$146 million to deferred tax liability.

Crown Macau, MPEL’s first casino, is targeted to open in the second quarter of calendar 2007.

PBL’s share of MPEL’s results for the six months to December 31 was a loss of \$11m principally reflecting pre-opening costs written off (MPEL will report its results under USGAAP and accordingly its reported results may differ from those PBL has calculated in recording its equity share of earnings. In particular, PBL has capitalised the financing costs associated with acquisition of the licence MPEL acquired in September 2006 (loan repaid in December). In addition, PBL will ramp up amortisation of the licence as each major property comes on stream rather than adopting a straight line amortisation from the time of acquisition. Full amortisation will be reached after the opening of City of Dreams).

Aspinalls (50%)

PBL completed the acquisition of a 46% stake in Aspinalls in late October 2006 and increased the stake to 50% in December. Aspinalls is currently operating a high end casino in Mayfair and an Aspers casino in Newcastle, with construction underway on two new properties in Swansea and Northampton. Following the recent announcement in the United Kingdom regarding new casino licences, Aspinalls and PBL are developing a targeted strategy for bidding for these licences.

The contribution to PBL's equity result for the two months to 31 December was a loss of \$0.3 million, at theoretical, or a loss of \$2 million after including a below theoretical win rate.

Betfair (50%)

The business continues to build critical mass but in the six months to December 31, PBL's share of after tax losses was \$2.0 million.

MEDIA

Foxtel (25%)

Foxtel revenues grew 14% to \$687 million, for the half, with subscriber numbers (including wholesale) growing to approximately 1.32 million; all of whom are now digital.

EBITDA exceeded \$100 million with margins trending upwards.

PBL recorded an equity accounted profit of \$6.8 million (after an income tax expense benefit of approximately 10%) compared with a loss of \$5.4 million (10% tax expense) in the prior period.

Premier Media Group (Fox Sports) (50%)

Premier Media Group grew revenue by 24% on the back of increased subscriber numbers, launch of Fox Sports III (as a tier), price increases and advertising revenue growth. Costs increased primarily reflecting the launch of Fox Sports III and Fox Sports News Channel.

EBITDA grew 8% and although margins declined slightly as a result of the extra channel launches, a solid improvement is expected over the next few years.

PBL recorded an equity accounted profit of \$19.1 million (after an income tax expense benefit of approximately 10%) compared with \$17.4 million (10% tax expense) in the prior period. PMG remitted \$20 million to PBL for the half.

Magazines (100%)

ACP magazines increased EBITDA slightly to \$135.7 million for the period. The advertising market was weaker and copy sales remain volatile in the light of a weaker consumer sector. Both advertising and circulation revenue decreased 4%. Consequently, revenue decreased 3.9% while costs decreased 6.0%, with an operating margin of 31.1% (however costs and EBITDA both benefited from a non recurring gain of \$6.5 million on the sale of ETF and Trade me Free).

Television (100%)

The television division reported an EBITDA of \$145.8 million (however revenue and EBITDA both benefited from a non recurring gain of \$8m on the sale or surplus real estate), a decrease of \$3.1 million on the prior period, reflecting a \$13.3 million, or 2.9%, revenue decline, partly offset by \$10.2 million of cost reductions.

Total revenue decreased by 2.9% to \$453 million, with the East Coast advertising market for the 3 major television stations decreasing by 0.5%. The Network's East Coast market share decreased to 34.4% for the half, compared with 37% in the previous half year.

SEEK (27%)

SEEK has again recorded strong revenue and earnings momentum with PBL recording an equity accounted profit of \$6.2 million compared with \$3.6 million in the prior period. Seek paid a \$3.4 million dividend to PBL for the half.

During the six months PBL increased its stake in SEEK to 27.2%.

Ninemsn (50%)

Ninemsn recorded solid revenue growth and an EBITDA increase of 29% for the half. However the combined impact of absence of a \$10m non recurring gain which was recorded in the prior period, and the fact that tax loss carryforwards have now expired and a 30% tax charge was booked in the current period (NIL last period) means that NPAT has declined to \$13.6 million. PBL share \$6.8 million.

Hoyts (50%)

An improved product offering over the past six months has seen cinema visitation numbers increase slightly and delivered revenue and earnings growth from the Hoyts business. This, coupled with a 'one off' tax gain has seen PBL record and increased equity accounted profit of \$7.7 million for the half vs \$5 million for the previous period.

SUBSEQUENT EVENTS

On 18 October 2006, PBL announced the recapitalisation of certain media interests including ACP Magazines, Nine Network and interests in Ninemsn, carsales.com.au, Sky News. The transaction was completed on 7 February 2007 and the major impacts yet to be recorded in the PBL accounts are:

- a) Net cash inflow of approximately \$4.6 billion, (approximately \$1.9 billion will be utilised to redeem existing PBL debt, leaving gross cash of approximately \$3 billion and gross debt, post the transaction and debt buy back, of approximately \$570 million);
- b) When the Convertible Notes held by CVC are converted to equity (post proclamation of new media laws) a non recurring, after tax, gain of approximately \$2 billion will be booked by PBL, reflecting the effective demerger of PBL Media from the PBL Group. The fifty percent investment in PBL Media will then be equity accounted.

PBL has today notified the Australian Stock Exchange that it intends to redeem its Perpetual Adjusting Rate Security (PBL PARS) at the end of June 2007.

CASH FLOW

Net operating cash flow for the period of \$275 million, was down on the previous corresponding six months. Normalised earnings growth, was more than offset by negative working capital movement, a negative win rate and increased income tax payments.

After capital expenditure of \$145 million, dividend payments of \$196 million, and net investments of \$398 million, group net debt increased by \$468 million to \$2,205 million at December 31 2006.

DIVIDEND

The Directors have announced today a fully franked dividend on ordinary shares of 30 cents per share payable on 13th April, 2007 to shareholders registered on the books close date, at 5.00pm on 30th March, 2007.

ENDS

COPIES OF RELEASES

Copies of previous media releases and ASX announcements issued by PBL are available on PBL's website at www.pbl.com.au.



PBL GROUP RESULT
Six Months ended 31 December 2006

| Normalised Results⁽¹⁾ | | | Actual Results | | | |
|---|--------------------------|-----------------------------|---|--------------------------|--------------------------|-------------------------|
| 6 mths ended Dec 2005 | 6 mths ended Dec 2006 | % movement on Normalised | | 6 mths ended Dec 2005 | 6 mths ended Dec 2006 | % movement on Actual |
| \$ M | \$ M | | | \$ M | \$ M | |
| <u>1,835.0</u> | <u>1,876.6</u> | 2.3% | OPERATING REVENUE | <u>1,870.4</u> | <u>1,857.4</u> | (0.7)% |
| 537.5 | 553.2 | 2.9% | EARNINGS BEFORE INTEREST, TAX & DEPRECIATION | 567.9 | 536.6 | (5.5)% |
| <u>(80.6)</u> | <u>(80.9)</u> | | Depreciation & Amortisation | <u>(80.6)</u> | <u>(80.9)</u> | |
| 456.9 | 472.3 | 3.4% | EARNINGS BEFORE INTEREST & TAX | 487.3 | 455.7 | (6.5)% |
| <u>(59.5)</u> | <u>(67.5)</u> | | Net Interest | <u>(59.5)</u> | <u>(67.5)</u> | |
| 397.4 | 404.8 | 1.9% | PROFIT BEFORE TAX | 427.8 | 388.2 | (9.3)% |
| <u>(78.0)</u> | <u>(83.6)</u> | | Taxation | <u>(87.1)</u> | <u>(78.6)</u> | |
| 319.4 | 321.2 | 0.6% | PROFIT AFTER TAX | 340.7 | 309.6 | (9.1)% |
| 35.7 | 38.1 | | Equity Accounted Profit ⁽²⁾ | 35.7 | 36.4 | |
| <u>(6.0)</u> | <u>(5.7)</u> | | Minority Interests | <u>(6.0)</u> | <u>(5.7)</u> | |
| <u>349.1</u> | <u>353.6</u> | 1.3% | NET PROFIT BEFORE NON RECURRING ITEMS | 370.4 | 340.3 | (8.1)% |
| | | | Non-Recurring Profit after tax | <u>16.9</u> | <u>0.0</u> | |
| | | | NET PROFIT AFTER NON RECURRING ITEMS | <u>387.3</u> | <u>340.3</u> | (12.1)% |

(1) Adjusted to show underlying NPAT, i.e. excluding the impact of the below theoretical win rate on VIP Program Play of \$11.6 million at Crown and Burswood (\$16.6 million pre tax less income tax of \$5.0 million) in H1 2007 and the above theoretical win rate of \$21.3 million (\$30.4 million pre tax less income tax of \$9.1 million) in H1 2006. With theoretical win rate calculated at 1.35% in both years.

Also adjusted to show underlying equity accounted earnings i.e. excluding the impact of the below theoretical win rate on VIP business of \$1.7 million at Aspinalls.

- (2) Includes:
- 25% of Foxtel
 - 50% of Premier Media Group
 - 50% of ninemsn
 - 46% of Aspinalls (for two months in 2006)
 - 50% of Betfair
 - 50% of magazine UK JV
 - 50% of Hoyts
 - 41% of Macau
 - 41% of CarSales (for six months in 2006; for two months in 2005)
 - 27% of Seek (25% for prior period)



PBL DIVISIONAL RESULTS
Six Months ended 31 December 2006

| Normalised Results⁽¹⁾ | | | Actual Results | | |
|---|--------------------------|-----------------------------|--------------------------|--------------------------|-------------------------|
| 6 mths ended Dec 2005 | 6 mths ended Dec 2006 | % movement on Normalised | 6 mths ended Dec 2005 | 6 mths ended Dec 2006 | % movement on Actual |
| \$ M | \$ M | | \$ M | \$ M | |
| REVENUE | | | | | |
| 465.9 | 452.6 | (2.9)% | 465.9 | 452.6 | (2.9)% |
| 453.4 | 435.9 | (3.9)% | 453.4 | 435.9 | (3.9)% |
| 855.5 | 931.7 | 8.9% | 890.9 | 912.5 | 2.4% |
| 60.2 | 56.4 | (6.3)% | 60.2 | 56.4 | (6.3)% |
| <u>1,835.0</u> | <u>1,876.6</u> | 2.3% | <u>1,870.4</u> | <u>1,857.4</u> | (0.7)% |
| EXPENDITURE | | | | | |
| 317.0 | 306.8 | (3.2)% | 317.0 | 306.8 | (3.2)% |
| 319.4 | 300.2 | (6.0)% | 319.4 | 300.2 | (6.0)% |
| 590.1 | 640.6 | 8.6% | 595.1 | 638.0 | 7.2% |
| 71.0 | 75.8 | 6.8% | 71.0 | 75.8 | 6.8% |
| <u>1,297.5</u> | <u>1,323.4</u> | 2.0% | <u>1,302.5</u> | <u>1,320.8</u> | 1.4% |
| EBITDA | | | | | |
| 148.9 | 145.8 | (2.1)% | 148.9 | 145.8 | (2.1)% |
| 134.0 | 135.7 | 1.3% | 134.0 | 135.7 | 1.3% |
| 265.4 | 291.1 | 9.7% | 295.8 | 274.5 | (7.2)% |
| (10.8) | (19.4) | - | (10.8) | (19.4) | - |
| <u>537.5</u> | <u>553.2</u> | 2.9% | <u>567.9</u> | <u>536.6</u> | (5.5)% |
| 29.3% | 29.5% | | 30.4% | 28.9% | |
| EBITDA / REVENUE | | | | | |

(1) Adjusted to show underlying EBITDA; ie. excluding any variance from the theoretical win rate on VIP Program Play at Crown and Burswood, with theoretical win rate calculated at 1.35% for both years.

Publishing and Broadcasting Limited

A.B.N. 52 009 071 167

Appendix 4D

Half year ended 31 December 2006

(Previous corresponding period: half year ended 31 December 2005)

Results for announcement to the market

| | | | | |
|---|------|----------------------|----|-----------------------------|
| | | | | \$'000 |
| Revenue from continuing operations | down | (0.5)% | to | 1,890,758 |
| Profit from continuing operations after tax attributable to members | down | (12.2)% | to | 340,228 |
| Net profit for the period attributable to members | down | (12.2)% | to | 340,228 |
| Dividends | | Amount per security | | Franked amount per security |
| Interim dividend: | | 30 cents | | 30 cents |
| Previous corresponding period | | 30 cents | | 30 cents |
| Record date for determining entitlements to the dividend | | 30 March 2007 | | |
| Interim dividend payment date | | 13 April 2007 | | |
| For an explanation of any of the figures reported above, refer to the commentary on the Group's results contained in the accompanying half-year report. | | | | |

Publishing and Broadcasting Limited

Directors' Report

Your directors submit their report for the half-year ended 31 December 2006.

Directors

The directors of Publishing and Broadcasting Limited (the "Company") in office during the half-year, and until the date of this Report are as below. Directors were in office for this entire period unless otherwise stated.

James Douglas Packer
Christopher John Anderson
John Henry Alexander
Christopher Darcy Corrigan
Rowen Bruce Craigie
Rowena Danziger
Geoffrey James Dixon
Ashok Peter Jacob
Michael Roy Johnston
David Hillel Lowy
Christopher John Mackay
Richard Wallace Turner
Samuel Hewlings Chisholm (resigned 13 July 2006)

Review and Results of Operations

The consolidated net profit of the economic entity for the half-year after tax and outside equity interests was \$340,228,000 (2005: \$387,283,000)

A review of operations of the Company is provided on page 3.

Auditor's Independence Declaration

A statement of independence has been provided by our auditors, Ernst & Young, and follows this Directors' Report on page 4.

Rounding of Amounts to Nearest Thousand Dollars

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

Signed in accordance with a resolution of the directors.



J.D. Packer
Director



J.H. Alexander
Director

Sydney, 23rd day of February, 2007.

Publishing and Broadcasting Limited

REVIEW OF OPERATIONS

Reported NPAT of \$340.2 million is down 12.2% (previous period \$387.3 million) and was negatively impacted by \$13.3 million from a below theoretical win rate whereas the prior period benefited by \$38.2 million from an above theoretical win of \$21 million and a non recurring gain of \$17 million.

GAMING

Reported gaming EBITDA for the period was \$274.5 million, reflecting particularly solid growth at Burswood and includes a below theoretical VIP Program win rate of 1.21% for the six months. The below theoretical win rate had a \$16.6 million negative impact on reported EBITDA this period, whereas last period reflected an above theoretical win rate of 1.64% which had a positive impact on reported EBITDA of \$30.4 million. Reported revenue increased to \$912 million with Burswood particularly strong but increases in petrol prices and interest rates impacted mid week visitation and hence main floor gaming revenue at Crown. VIP Program turnover of \$13.6 billion increased by \$1.7 billion compared with the prior six month period. Costs (excluding gaming taxes, VIP Program Play commissions, other directly variable costs and the impact of new operations), increased by approximately 7%.

TELEVISION

The television division reported an EBITDA of \$145.8 million (however revenue and EBITDA both benefited from a non recurring gain of \$8m on the sale or surplus real estate), a decrease of \$3.1 million on the prior period, reflecting a \$13.3 million, or 2.9%, revenue decline, and partly offset by \$10.2 million of cost reductions. Total revenue decreased by 2.9% to \$453 million, with the East Coast advertising market for the 3 major television stations decreasing by 0.5%. The Network's East Coast market share decreased to 34.4% for the half, compared with 37% in the previous half year.

MAGAZINES

ACP magazines increased EBITDA slightly to \$135.7 million for the period. The advertising market was weaker and copy sales remain volatile in the light of a weaker consumer sector. Both advertising and circulation revenue decreased 4%. Consequently, revenue decreased 3.9% while costs decreased 6.0%, with an operating margin of 31.3% (however costs and EBITDA both benefited from a non recurring gain of \$6.5 million on the sale of ETF and Trade me Free).

INVESTMENTS

The Group's reported equity accounted earnings were essentially flat, at \$36.4 million driven by improved contributions from our internet and pay TV businesses offset by losses from our Macau joint venture (MPEL) with pre-opening costs being expensed and losses incurred in establishing Betfair in Australia.

CASH FLOW

Net operating cash flow for the period of \$275 million, was down on the previous corresponding six months. Normalised earnings growth was more than offset by negative working capital movement, a negative win rate and increased income tax payments. After capital expenditure of \$145 million, dividend payments of \$196 million, and net investments of \$398 million, group net debt increased by \$468 million to \$2,205 million at December 31 2006.

DIVIDEND

The Directors have declared a fully franked dividend on ordinary shares of 30 cents per share payable on 13 April 2007 to shareholders registered on the books close date, at 5.00pm on 30 March 2007.

Auditor's Independence Declaration to the Directors of Publishing and Broadcasting Limited

In relation to our review of the financial report of Publishing and Broadcasting Limited for the 6 months ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Douglas Bain
Partner
Sydney
23 February 2007

Publishing and Broadcasting Limited

Condensed Income Statement

for the half-year ended 31 December 2006

| | Note | Consolidated | |
|---|------|-------------------------------|-------------------------------|
| | | 31 December 2006 \$'000 | 31 December 2005 \$'000 |
| Revenues | 3 | 1,890,758 | 1,900,175 |
| Other income | 3 | 14,038 | 23,101 |
| Expenses | 3 | (1,411,624) | (1,381,478) |
| Share of net profits of associates and joint venture | 14 | 36,446 | 35,663 |
| Profit before tax and finance costs | | 529,618 | 577,461 |
| Finance costs | 3 | (105,110) | (97,059) |
| Profit before income tax | | 424,508 | 480,402 |
| Income tax expense | | (78,548) | (87,103) |
| Net profit for the period | | 345,960 | 393,299 |
| Profit attributable to minority interests | | 5,732 | 6,016 |
| Net profit attributable to members of the parent | | 340,228 | 387,283 |

Earnings per security (EPS)

| | | |
|-------------------------------|--------------|-------|
| Basic EPS (cents per share) | 49.93 | 57.54 |
| Diluted EPS (cents per share) | 49.93 | 57.54 |

Dividends per share

| | | | |
|--|---|-----------------|----------|
| Current year interim dividend proposed (cents per share) | 6 | 30 cents | 30 cents |
| Prior year final dividend paid (cents per share) | 6 | 29 cents | 25 cents |

Publishing and Broadcasting Limited

Condensed Balance Sheet

as at 31 December 2006

| | Note | Consolidated | |
|---|------|-------------------------------|---------------------------|
| | | 31 December 2006 \$'000 | 30 June 2006 \$'000 |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 464,971 | 1,185,135 |
| Trade and other receivables | | 510,238 | 394,180 |
| Inventories | | 37,341 | 40,946 |
| Program rights | | 84,803 | 96,879 |
| Prepayments | | 35,129 | 22,106 |
| Other assets | | 15,148 | 9,077 |
| Derivatives | | - | 4,603 |
| Total Current Assets | | 1,147,630 | 1,752,926 |
| Non-Current Assets | | | |
| Receivables | | 168,655 | 28,139 |
| Program rights | | 60,786 | 50,001 |
| Available-for-sale financial assets | | 238,375 | 238,375 |
| Investments in associates accounted for using the equity method | | 1,801,292 | 1,026,325 |
| Property, plant and equipment | | 1,982,513 | 1,910,182 |
| Licences and mastheads | | 2,451,871 | 2,422,978 |
| Other intangible assets | | 687,454 | 616,612 |
| Deferred income tax asset | | 213,803 | 220,957 |
| Prepaid casino tax | | 75,208 | 76,575 |
| Other | | 2,923 | 3,571 |
| Defined benefit superannuation plan asset | | 4,456 | 4,456 |
| Total Non-Current Assets | | 7,687,336 | 6,598,171 |
| Total Assets | | 8,834,966 | 8,351,097 |
| Current Liabilities | | | |
| Trade and other payables | | 749,870 | 685,118 |
| Derivatives | | 10,827 | - |
| Interest-bearing loans and borrowings | 7 | 20,139 | 827,525 |
| Income tax payable | | 30,788 | 59,737 |
| Provisions | | 122,182 | 155,839 |
| Total Current Liabilities | | 933,806 | 1,728,219 |
| Non-Current Liabilities | | | |
| Payables | | 96,887 | 70,265 |
| Interest-bearing loans and borrowings | 7 | 2,649,687 | 2,094,608 |
| Deferred income tax liabilities | | 598,713 | 505,100 |
| Provisions | | 78,497 | 81,741 |
| Total Non-Current Liabilities | | 3,423,784 | 2,751,714 |
| Total Liabilities | | 4,357,590 | 4,479,933 |
| Net Assets | | 4,477,376 | 3,871,164 |
| Equity | | | |
| Issued capital | 10 | 2,452,235 | 2,359,614 |
| Reserves | | 347,033 | 9,220 |
| Retained earnings | | 1,646,652 | 1,498,996 |
| Parent interests | | 4,445,920 | 3,867,830 |
| Minority interests | | 31,456 | 3,334 |
| Total Equity | | 4,477,376 | 3,871,164 |

Publishing and Broadcasting Limited

Condensed Cash Flow Statement

for the half-year ended 31 December 2006

| | Note | Consolidated | |
|---|------|-------------------------------|-------------------------------|
| | | 31 December 2006 \$'000 | 31 December 2005 \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 1,913,288 | 1,906,128 |
| Payments to suppliers and employees | | (1,444,186) | (1,361,471) |
| Dividends received | | 19,051 | 37,624 |
| Interest received | | 37,526 | 37,140 |
| Borrowing costs | | (107,641) | (95,854) |
| Income tax paid | | (142,775) | (81,692) |
| Net operating cash flows | | 275,263 | 441,875 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (145,053) | (71,268) |
| Proceeds from sale of property, plant and equipment | | 99 | 959 |
| Payment for purchases or equity contributions to equity investments | | (225,350) | (5,654) |
| Payment for the acquisition of controlled entities and businesses | | (58,857) | (943) |
| Net proceeds from sale of equity investments | | 14,211 | 15,256 |
| Loans to associated entities | | (126,806) | - |
| Other (net) | | (1,111) | (1,503) |
| Net investing cash flows | | (542,867) | (63,153) |
| Cash flows related to financing activities | | | |
| Issue of shares | | 824 | - |
| Proceeds from borrowings | | 555,091 | 150,000 |
| Repayment of borrowings | | (807,381) | (202,445) |
| Dividends paid | | (196,171) | (168,219) |
| Dividends/distributions paid to outside equity interests | | (5,203) | (1,007) |
| Net financing cash flows | | (452,840) | (221,671) |
| Net (decrease) in cash and cash equivalents held | | (720,444) | 157,051 |
| Cash and cash equivalents at beginning of period | | 1,185,135 | 1,232,638 |
| Effects of exchange rate changes on cash | | 280 | - |
| Cash and cash equivalents at end of period | 5 | 464,971 | 1,389,689 |

Publishing and Broadcasting Limited

Condensed Statement of Recognised Income and Expense

for the half-year ended 31 December 2006

| | Consolidated | |
|---|-------------------------------|-------------------------------|
| | 31 December 2006 \$'000 | 31 December 2005 \$'000 |
| Foreign currency translation | 7,115 | 2,718 |
| Net loss on available for sale assets | - | (800) |
| Movement in asset revaluation reserve | (2,193) | - |
| Unrealised gain on investment in associates | 341,701 | - |
| Fair value movement on cash flow hedges | (10,800) | - |
| Net income recognised directly in equity | 335,823 | 1,918 |
| Profit for the period | 345,960 | 393,299 |
| Total recognised income and expense for the period | 681,783 | 395,217 |
| Attributable to: | | |
| Equity holders of the parent | 676,051 | 389,201 |
| Minority interest | 5,732 | 6,016 |
| | 681,783 | 395,217 |

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

1. CORPORATE INFORMATION

The financial report of Publishing and Broadcasting Limited for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 20 February 2007. Publishing and Broadcasting Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full report.

The half-year financial report should be read in conjunction with the annual financial report of Publishing and Broadcasting Limited ('PBL') as at 30 June 2006. It is also recommended that the half-year financial report be considered together with any public announcements made by PBL and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value and investments in associates accounted for using the equity method. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The half-year financial report is presented in Australian dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies

The accounting policies adopted in the preparation of the half-year report are consistent with those applied and disclosed in the 2006 annual financial report.

No Australian Accounting Standards issued but not yet effective have been early adopted. It is not considered early adoption of these standards would have a material impact on the results of the Group.

(c) Use of estimates

In conforming with generally accepted accounting principles, the preparation of financial statements for the Group requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on managements knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

| Consolidated | |
|--------------|-------------|
| 31 December | 31 December |
| 2006 | 2005 |
| \$'000 | \$'000 |

3. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

(i) Revenue

| | | |
|----------------------------|------------------|------------------|
| Revenue from services | 1,511,056 | 1,518,769 |
| Revenue from sale of goods | 331,569 | 328,234 |
| Interest received | 37,599 | 37,558 |
| Dividends received | 77 | 5,170 |
| Other operating revenue | 10,457 | 10,444 |
| | 1,890,758 | 1,900,175 |

(ii) Other Income

| | | |
|--|--------|--------|
| Profit on disposal of non-current assets | 14,038 | 23,101 |
|--|--------|--------|

(iii) Expenses

| | | |
|---------------------------|------------------|------------------|
| Cost of sales | 293,018 | 292,124 |
| Television activities | 325,772 | 329,665 |
| Publishing activities | 70,823 | 75,178 |
| Gaming activities | 645,381 | 610,082 |
| Other ordinary activities | 76,630 | 74,429 |
| | 1,411,624 | 1,381,478 |

Depreciation of non-current assets

(included in Expenses above)

| | | |
|---------------------|---------------|---------------|
| Buildings | 20,476 | 18,865 |
| Plant and equipment | 46,854 | 46,333 |
| | 67,330 | 65,198 |

Amortisation of non-current assets

(included in Expenses above)

| | | |
|---|---------------|---------------|
| Casino licence fee and management agreement | 7,237 | 7,860 |
| Ticketing rights | 2,184 | 1,840 |
| Plant and equipment under finance lease | 61 | 1,537 |
| Leasehold property | 1,128 | 1,077 |
| Other assets | 2,987 | 3,030 |
| | 13,597 | 15,344 |
| Total depreciation and amortisation expense | 80,927 | 80,542 |

(iv) Specific Items

| | | |
|--|---|--------|
| Net profit on disposal of investments (included in Other Income above) | - | 16,914 |
|--|---|--------|

(v) Other Income and Expense Disclosures

| | | |
|-------------------------|----------------|---------------|
| Finance costs expensed: | | |
| Debt facilities | 105,098 | 96,966 |
| Finance leases | 12 | 93 |
| | 105,110 | 97,059 |

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

4. SEGMENT REPORTING

Continuing operations

| Business segments | Television | | Magazines | | Gaming | | Unallocated | | PBL Group | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 Dec 2006 \$'000 | 31 Dec 2005 \$'000 | 31 Dec 2006 \$'000 | 31 Dec 2005 \$'000 | 31 Dec 2006 \$'000 | 31 Dec 2005 \$'000 | 31 Dec 2006 \$'000 | 31 Dec 2005 \$'000 | 31 Dec 2006 \$'000 | 31 Dec 2005 \$'000 |
| Operating revenue | | | | | | | | | | |
| Total | 455,358 | 470,475 | 437,709 | 454,804 | 912,005 | 890,155 | 56,175 | 55,672 | 1,861,247 | 1,871,106 |
| Intersegment | (2,910) | (4,655) | (1,708) | (1,269) | (1,247) | (528) | (2,223) | (2,037) | (8,088) | (8,489) |
| External customers | 452,448 | 465,820 | 436,001 | 453,535 | 910,758 | 889,627 | 53,952 | 53,635 | 1,853,159 | 1,862,617 |
| Other income | 8,008 | 1,221 | 5,940 | 16,915 | 90 | 4 | - | 4,961 | 14,038 | 23,101 |
| Interest revenue | | | | | | | | | 37,599 | 37,558 |
| Total revenue from continuing operations | 460,456 | 467,041 | 441,941 | 470,450 | 910,848 | 889,631 | 53,952 | 58,596 | 1,904,796 | 1,923,276 |
| Segment result | | | | | | | | | | |
| Earnings before interest, tax, depreciation and amortisation "EBITDA" | 145,855 | 148,895 | 135,722 | 134,033 | 274,453 | 295,772 | (19,530) | (10,832) | 536,500 | 567,868 |
| Depreciation and amortisation | (11,171) | (11,519) | (5,019) | (4,415) | (58,213) | (59,607) | (6,524) | (5,001) | (80,927) | (80,542) |
| Earnings before interest and tax "EBIT" | 134,684 | 137,376 | 130,703 | 129,618 | 216,240 | 236,165 | (26,054) | (15,833) | 455,573 | 487,326 |
| Specific items | - | - | - | 16,914 | - | - | - | - | - | 16,914 |
| Equity accounted share of associates' net profit | | | | | | | | | 36,446 | 35,663 |
| Net interest (expense) | | | | | | | | | (67,511) | (59,501) |
| Profit from operating activities before income tax and minority interests | 134,684 | 137,376 | 130,703 | 146,532 | 216,240 | 236,165 | (26,054) | (15,833) | 424,508 | 480,402 |
| Income tax expense | | | | | | | | | (78,548) | (87,103) |
| Profit after tax from continuing operations | 134,684 | 137,376 | 130,703 | 146,532 | 216,240 | 236,165 | (26,054) | (15,833) | 345,960 | 393,299 |

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

| Consolidated | |
|-------------------------------|-------------------------------|
| 31 December 2006 \$'000 | 31 December 2005 \$'000 |

5. CASH AND CASH EQUIVALENTS

For the purpose of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

| | | |
|--------------------------|----------------|------------------|
| Cash on hand and at bank | 281,260 | 258,762 |
| Deposits at call | 183,711 | 1,130,927 |
| | 464,971 | 1,389,689 |

6. DIVIDENDS PAID AND PROPOSED

Equity dividends on ordinary shares:

(a) Dividends paid during the half-year

Final franked dividend for the financial year 30 June 2006:
29 cents per share paid on 13 October 2006 fully franked
(2005: 25 cents per share fully franked)

| | |
|----------------|---------|
| 196,474 | 168,265 |
|----------------|---------|

(b) Dividends proposed and not recognised as a liability

Interim franked dividend for the half-year 31 December 2006:
30 cents per share fully franked (expected to be paid on 13 April 2007)
(2005: 30 cents per share fully franked)

| | |
|----------------|---------|
| 206,171 | 201,751 |
|----------------|---------|

No shareholders' dividend plans are in operation.

| Consolidated | |
|-------------------------------|---------------------------|
| 31 December 2006 \$'000 | 30 June 2006 \$'000 |

7. INTEREST BEARING LOANS AND BORROWINGS

Current

| | | |
|-------------------|---------------|----------------|
| Bank facilities | 20,000 | 20,000 |
| Other senior debt | - | 807,357 |
| Lease liabilities | 139 | 168 |
| | 20,139 | 827,525 |

Non-Current

| | | |
|-------------------|------------------|------------------|
| Other senior debt | 2,349,395 | 1,794,304 |
| Subordinated debt | 300,000 | 300,000 |
| Lease liabilities | 292 | 304 |
| | 2,649,687 | 2,094,608 |

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

8. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent assets. Contingent liabilities have decreased \$54 million from \$156 million to \$102 million.

9. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 December 2006, the directors of PBL declared an interim dividend on ordinary shares in respect of the half-year ending 31 December 2006. The total amount of the dividend is \$206.2 million, which represents a fully franked dividend of 30 cents per share. The dividend has not been provided for in the 31 December 2006 financial statements.

On 18 October 2006, PBL announced the recapitalisation of certain media interests including ACP Magazines, Nine Network and interests in Ninemsn, carsales.com.au, and Sky News. The transaction was completed on 7 February 2007 and the major impacts yet to be recorded in the PBL accounts are:

- (a) Net cash inflow of approximately \$4.6bn, (approximately \$2bn will be utilised to redeem existing PBL debt, leaving gross cash of approximately \$3bn and gross debt, post the transaction, of approximately \$570m);
- (b) When the Convertible Notes held by CVC are converted to equity (post proclamation of new media laws) a non recurring, after tax, gain of approximately \$2bn will be booked by PBL, reflecting the effective demerger of PBL Media from the PBL Group. The fifty percent investment in PBL Media will then be equity accounted.

| Consolidated | |
|-------------------------------|---------------------------|
| 31 December 2006 \$'000 | 30 June 2006 \$'000 |

10. CONTRIBUTED EQUITY

ISSUED SHARE CAPITAL

Ordinary share fully paid 2,452,235 2,359,614

MOVEMENTS IN ISSUED SHARE CAPITAL

At 1 January 2006

Issue of shares through Executive Share Plan

At 30 June 2006

Issue of shares to CPH
Issue of shares through Executive Share plan

At 31 December 2006

| No. | \$'000 |
|-------------|-----------|
| 673,061,925 | 2,356,351 |
| 4,435,000 | 3,263 |
| 677,496,925 | 2,359,614 |
| 5,400,000 | 91,800 |
| 4,340,000 | 821 |
| 687,236,925 | 2,452,235 |

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

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2006

| Consolidated | |
|---------------------|-----------------|
| 31 December 2006 | 30 June 2006 |

11. NET TANGIBLE ASSETS BACKING

Net tangible asset backing per ordinary security \$1.74 \$1.04

12. CONTROL GAINED OVER ENTITIES HAVING A MATERIAL EFFECT

N/A

13. LOSS OF CONTROL OF ENTITIES HAVING A MATERIAL EFFECT

N/A

14. EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURE ENTITIES

| Name of entity | Ownership interest | | Contribution to net profit | |
|-------------------------------------|--------------------------|--------------------------|-------------------------------|-------------------------------|
| | 31 December 2006 % | 31 December 2005 % | 31 December 2006 \$'000 | 31 December 2005 \$'000 |
| Premier Media Group | 50.0% | 50.0% | 19,070 | 17,347 |
| Hoyts Cinemas Group | 50.0% | 50.0% | 7,679 | 4,956 |
| Sky Cable Pty Ltd | 50.0% | 50.0% | 6,776 | (5,398) |
| ninemsn Pty Ltd | 50.0% | 50.0% | 6,762 | 12,692 |
| SEEK Ltd | 27.2% | 25.0% | 6,219 | 3,643 |
| Melco PBL Entertainment (Macau) Ltd | 41.4% | 50.0% | (11,000) | 481 |
| Other non-material interests | | | 940 | 1,942 |
| Total | | | <u>36,446</u> | <u>35,663</u> |

Publishing and Broadcasting Limited

Directors' Declaration

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

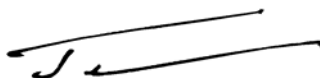
In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and the performance for the half-year ended 30 June 2006; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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.

On behalf of the Board



J.D. Packer
Director



J.H. Alexander
Director

Sydney, 23rd day of February, 2007.

To the members of Publishing and Broadcasting Limited

Report on the Half-Year Condensed Financial Report

Scope

We have reviewed the accompanying half-year financial report of Publishing and Broadcasting Limited (the company) and the entities it controlled during the half-year period, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of recognised income and expense and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Publishing and Broadcasting Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Publishing and Broadcasting Limited and the entities it controlled during the half-year ended 31 December 2006, is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Douglas Bain
Partner
Sydney
23 February 2007