



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
22 February 2006**

**PBL ANNOUNCES FIRST HALF
NORMALISED NET PROFIT +12.0%**

- **Normalised NPAT +12.0%**
- **Cash flow generated by businesses \$442 million**
- **Interim Dividend of 30 cents per share; +11%**

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 2005 of \$349.1 million, an increase of 12.0% for the period. Reported NPAT of \$387.3 million was positively impacted by \$21.3 million from an above theoretical win rate plus \$16.9 million from a non recurring gain, (the prior period benefited by \$30.3 million from a non recurring gain of \$60.9 million offset by a below theoretical win rate of \$30.6 million).

Cash flow generated from operations was \$442 million for the half. PBL reduced net debt by \$210 million to \$1534 million at December 2005.

Executive Chairman of PBL, Mr James Packer said:

"This result clearly demonstrates the benefit of past investment in growth opportunities with solid results at Crown, a significant increase in contribution from Burswood and substantial improvement from our Pay TV (Foxtel and FoxSports) and internet businesses (Ninemsn and SEEK)".

"ACP's earnings growth continued, albeit at a slower pace, and the normalised contribution from the Gaming Division has increased significantly. As anticipated, Nine Network saw a decline in EBITDA earnings, following a reduced share of the revenue market. Nine continues, however, to attack its cost base in order to restore operating margins with costs flat in the half, and with further reductions planned by the new management team".

"Our internet businesses, SEEK and ninemsn, together with Fox Sports and Foxtel, improved their contribution to the group result. Hoyts and the Melco/PBL joint venture were included in this period, but not in the previous corresponding six months".

"PBL continues to look for and invest in earnings growth with Betfair recently granted a licence by the Tasmanian Government, a newly acquired 41 per cent stake in a merged CarSales.com business, and the injection of an additional USD120 million equity into our Macau JV with Melco International Development over the next six months".

"I am pleased to announce the interim dividend for the Fiscal 2006 year is 30 cents per share, an increase of 11%. This compared with 27 cents per share in the prior period".

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

"Total normalised revenue grew 9.3%, with normalised group margins at 29.3%".

"The Nine Network experienced a difficult half with total revenue falling by 4.6% and East Coast market share falling to 37%. Costs were flat with the Nine management team focused on further reductions in its cost base".

"Our magazine business increased EBITDA by 6.5%, with EBITDA of \$134.0 million and operating margin of 29.6%".

“Both Crown and Burswood performed well with solid revenue and earnings growth. Normalised EBITDA for the gaming division increased by 16% to \$265.4 million with a reported EBITDA of \$295.8 million compared to \$184.8 million in the prior period. The Gaming division win rate was above theoretical by \$30.4 million versus a below theoretical win of \$43.7 million last period”.

“The Group’s equity accounted earnings have significantly improved by \$32.3 million, over the prior six months, to \$35.7 million driven by improved contributions from our internet and pay TV businesses, and the inclusion of Hoyts and the Melco/PBL joint venture contributions for the first time”.

“Cost growth in some of PBL’s businesses is too high and PBL’s newly appointed Chief Operating Officer, Pat O’Sullivan, is focused on improving efficiencies and reducing costs across all of the Group’s operating platforms and it is expected that controllable cost growth in the second half of FY06 will be significantly lower than that experienced in the first half”.

OPERATIONS

TELEVISION

The television division reported an EBITDA of \$148.9 million, a decrease of \$22.4 million on the prior period, reflecting a 4.6% revenue decline and flat costs.

Total revenue decreased by 4.6% to \$465.9 million, with the East Coast advertising market for the 3 major television stations decreasing by 1.6%. The Network’s East Coast market share decreased to 37% for the half, compared with 38.5% in the previous half year.

MAGAZINES

ACP magazines increased EBITDA by 6.5% to \$134.0 million for the period. Although the advertising market remains strong, copy sales are volatile in the light of a weaker consumer sector. Revenue increased 9.6% while costs grew 11.0%, with an operating margin of 29.6%. Like for like cost increase (i.e. excluding new launches etc.) was 5.1%.

Advertising Revenue increased 12%, while circulation revenue increased by 8%.

GAMING

Crown/Burswood

PBL’s normalised gaming EBITDA of \$265.4 million was \$36.9 million higher than last period, reflecting significant growth at Burswood, solid growth at Crown and the inclusion of six months trading from Burswood versus four months in the previous period. Reported gaming EBITDA for the period was \$295.8 million, and includes an above theoretical VIP Program win rate of 1.64% for the six months.

The above theoretical win rate had a \$30.4 million positive impact on reported EBITDA this period, whereas last period reflected a below theoretical win rate of 0.86% which had a negative impact on reported EBITDA of \$43.7 million.

Normalised gaming revenue increased by 17.9% over the prior period to \$855.5 million and incorporates Burswood results for six months compared with only four months in the prior period. Reported revenue increased to \$890.9 million. VIP Program turnover of \$11.8 billion increased by \$1.6 billion compared with the prior six month period; or \$0.4 billion like for like.

Costs (excluding gaming taxes, VIP Program Play commissions, other directly variable costs and the impact of new operations), increased by approx 7% due mainly to the impact of higher patronage levels on labour costs in table games, hotels, and food and beverage operations.

The normalised EBITDA gaming margin decreased slightly to 31.0%, from 31.5% in the prior period.

INVESTMENTS

Foxtel

Foxtel's revenues for the period grew 23% to \$603 million. PBL has included an equity accounted loss of \$5.4 million (tax effected at 10% tax rate) for the year, compared to \$20.0 million in the prior period (tax effected at 30% tax rate).

Foxtel currently has around 1.2 million subscribers (including wholesale), of which over 80% are digital, and is expected to be profitable, and cash flow positive, for the second half of Fiscal 2006.

Premier Media Group (Fox Sports)

Premier Media Group has approximately 1.75 million subscribers. PBL has included an equity accounted profit of \$17.4 million (tax effected at 10% tax rate) for the six months compared to \$10.7 million in the prior period (tax effected at 30% tax rate). PMG paid a dividend of \$15 million to PBL for the half.

Ninemsn

PBL has recorded an equity accounted profit of \$12.7 million for ninemsn (including a \$5.1 million non recurring gain on sales of investment in realestate.com) compared with \$4.6 million in the prior period. The result reflects strong advertising revenue growth. Ninemsn paid a \$16.5 million dividend to PBL for the half.

SEEK

PBL has included an equity accounted profit for SEEK of \$3.6 million compared with \$2.1 million in the prior period. Seek paid a \$0.7 million dividend to PBL for the half.

HOYTS

PBL has recorded an equity accounted profit of \$5.0 million compared with NIL in the prior period. The result was negatively impacted by a decline in admissions for the period.

NON-RECURRING ITEMS

During the year the Group recorded a non-recurring after tax gain of \$16.9 million from the sale of its "dot point" businesses into the CarSales.com joint venture.

CASH FLOW

Net operating cash flow for the period was \$442 million, which was essentially flat on the previous corresponding six months. Normalised earnings growth, increased dividends received and the above theoretical win rate all contributed positively to improving cash flows but this was offset by the ESP loan repayments (\$85 million) received in the prior period (nil this period) and an increase in negative working capital movement.

After capital expenditure of \$70 million, dividend payments of \$168 million, and net investment activity receipts of \$7 million, group net debt decreased by \$210 million to \$1534 million at December 31 2005.

DIVIDEND

The Directors have announced today a fully franked dividend on ordinary shares of 30 cents per share payable on 13 April, 2006 to shareholders registered on the books close date, at 5.00pm on 31 March, 2006.

OTHER

In February 2006, the Directors reactivated the PBL Executive Share Plan (ESP). The ESP had previously been suspended following an allotment in May 2003.

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 2005

Normalised Results⁽¹⁾			Actual Results			
6 mths ended Dec 2004 ⁽³⁾	6 mths ended Dec 2005	% movement on Normalised		6 mths ended Dec 2004 ⁽³⁾	6 mths ended Dec 2005	% movement on Actual
\$ M	\$ M			\$ M	\$ M	
<u>1,678.1</u>	<u>1,835.0</u>	9.3%	OPERATING REVENUE	<u>1,628.5</u>	<u>1,870.4</u>	14.9%
518.9	537.5	3.6%	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION	475.2	567.9	19.5%
<u>(73.6)</u>	<u>(80.6)</u>		Depreciation & Amortisation	<u>(73.6)</u>	<u>(80.6)</u>	
445.3	456.9	2.6%	EARNINGS BEFORE INTEREST & TAX	401.6	487.3	21.3%
<u>(59.3)</u>	<u>(59.5)</u>		Net Interest	<u>(59.3)</u>	<u>(59.5)</u>	
386.0	397.4	3.0%	PROFIT BEFORE TAX	342.3	427.8	25.0%
<u>(71.8)</u>	<u>(78.0)</u>		Taxation	<u>(58.7)</u>	<u>(87.1)</u>	
314.2	319.4	1.7%	PROFIT AFTER TAX	283.6	340.7	20.1%
3.4	35.7		Equity Accounted Profit ⁽²⁾	3.4	35.7	
<u>(5.9)</u>	<u>(6.0)</u>		Minority Interests	<u>(5.9)</u>	<u>(6.0)</u>	
<u>311.7</u>	<u>349.1</u>	12.0%	NET PROFIT BEFORE NON RECURRING ITEMS	281.1	370.4	31.8%
			Non-Recurring Profit after tax	<u>60.9</u>	<u>16.9</u>	
			NET PROFIT AFTER NON RECURRING ITEMS	<u>342.0</u>	<u>387.3</u>	13.2%

(1) Adjusted to show underlying NPAT, ie. excluding the impact of the above theoretical win rate on VIP Program Play of \$21.3 million (\$30.4 million pre tax less income tax of \$9.1 million) in H1 2006 and the below theoretical win rate of \$30.6 million (\$43.7 million pre tax less income tax of \$13.1 million) in H1 2005. With theoretical win rate calculated at 1.35% in both years.

(2) Includes:
 25% of Foxtel
 50% of Premier Media Group
 50% of ninemsn
 25% of AFIG (for five months in 2004)
 24% of TMS
 50% of magazine UK JV (for six months in 2005; zero in 2004)
 50% of Hoyts (for six months in 2005; zero in 2004)
 40% of Melco (for six months in 2005; zero in 2004)
 41% of CarSales (for two months in 2005; zero in 2004)

(3) December 2004 results include Burswood for four months



PBL DIVISIONAL RESULTS
Six Months ended 31 December 2005

Normalised Results⁽¹⁾			Actual Results		
6 mths ended Dec 2004 ⁽²⁾	6 mths ended Dec 2005 ⁽²⁾	% movement on Normalised	6 mths ended Dec 2004 ⁽²⁾	6 mths ended Dec 2005 ⁽²⁾	% movement on Actual
\$ M	\$ M		\$ M	\$ M	
REVENUE					
488.2	465.9	(4.6)%	488.2	465.9	(4.6)%
413.5	453.4	9.6%	413.5	453.4	9.6%
725.8	855.5	17.9%	676.2	890.9	31.8%
50.6	60.2	19.0%	50.6	60.2	19.0%
<u>1,678.1</u>	<u>1,835.0</u>	9.3%	<u>1,628.5</u>	<u>1,870.4</u>	14.9%
EXPENDITURE					
316.9	317.0	0.0%	316.9	317.0	0.0%
287.7	319.4	11.0%	287.7	319.4	11.0%
497.3	590.1	18.7%	491.4	595.1	21.1%
57.3	71.0	23.9%	57.3	71.0	23.9%
<u>1,159.2</u>	<u>1,297.5</u>	11.9%	<u>1,153.3</u>	<u>1,302.5</u>	12.9%
EBITDA					
171.3	148.9	(13.1)%	171.3	148.9	(13.1)%
125.8	134.0	6.5%	125.8	134.0	6.5%
228.5	265.4	16.1%	184.8	295.8	60.1%
(6.7)	(10.8)	-	(6.7)	(10.8)	-
<u>518.9</u>	<u>537.5</u>	3.6%	<u>475.2</u>	<u>567.9</u>	19.5%
30.9%	29.3%		29.2%	30.4%	
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.

(2) December 2004 results include Burswood Casino for four months; 2005 for six months



PBL GROUP RESULT
Six Months ended 31 December 2005

NON - RECURRING ITEMS

	Gross	Tax	Net
	\$ M	\$ M	\$ M
Profit on Sale of Investment ⁽¹⁾	16.9	0.0	16.9
Net Non-Recurring Profit	16.9	0.0	16.9

⁽¹⁾ Profit on sale of "points online business" into Car Sales

Publishing and Broadcasting Limited

A.B.N. 52 009 071 167

Appendix 4D

Half year ended 31 December 2005

(Previous corresponding period: half year ended 31 December 2004)

Results for announcement to the market

				\$A'000
Revenue from continuing operations	up	16.3%	to	1,900,175
Profit from continuing operations after tax attributable to members	up	13.2%	to	387,283
Net profit for the period attributable to members	up	13.2%	to	387,283
Dividends		Amount per security	Franked amount per security	
Interim dividend:		30 cents	30 cents	
Previous corresponding period		27 cents	27 cents	
Record date for determining entitlements to the dividend		31 March 2006		
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 2005.

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
John Henry Alexander
Christopher John Anderson
Samuel Hewlings Chisholm
Rowen Bruce Craigie
Graham Allan Cubbin (resigned 16 December 2005)
Rowena Danziger
Ashok Peter Jacob
Michael Roy Johnston (appointed 16 December 2005)
Laurence Macdonald Muir
Richard Wallace Turner
Robert Michael Whyte

Mr Kerry Packer passed away during the reporting period.

Review of Operations

The consolidated net profit of the economic entity for the half-year after tax and outside equity interests was \$387,283,000 (2004: \$342,035,000)

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.

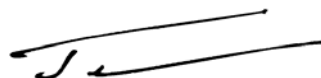
Rounding of Amounts to Nearest Thousand Dollars

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, 22nd day of February, 2006.

Publishing and Broadcasting Limited

REVIEW OF OPERATIONS

Reported net profit after tax of \$387.3 million was positively impacted by \$21.3 million from an above theoretical win rate plus \$16.9 million from a non recurring gain, (the prior period benefited by \$30.3 million from a non recurring gain of \$60.9 million offset by a below theoretical win rate of \$30.6 million).

TELEVISION

The television division reported an EBITDA of \$148.9 million, a decrease of \$22.4 million on the prior period, reflecting a 4.6% revenue decline and flat costs. Total reported revenue decreased by 4.1% to \$471.7 million, with the East Coast advertising market for the 3 major television stations decreasing by 1.6%. The Network's East Coast market share decreased to 37% for the half, compared with 38.5% in the previous half year.

MAGAZINES

ACP magazines increased EBITDA by 6.5% to \$134.0 million for the period. Although the advertising market remains strong, copy sales are volatile in the light of a weaker consumer sector. Revenue, excluding non-recurring gains of \$16.9 million, increased 9.6% while costs grew 11.0%, with an operating margin of 29.6%. Like for like cost increase (i.e. excluding new launches etc.) was 5.1%. Advertising Revenue increased 12%, while circulation revenue increased by 8%.

GAMING

Reported gaming EBITDA for the period was \$295.8 million, reflecting significant growth at Burswood, solid growth at Crown, the inclusion of six months trading from Burswood versus four months in the previous period and includes an above theoretical VIP Program win rate of 1.64% for the six months. The above theoretical win rate had a \$30.4 million positive impact on reported EBITDA this period, whereas last period reflected a below theoretical win rate of 0.86% which had a negative impact on reported EBITDA of \$43.7 million.

Reported revenue increased to \$890.2 million and incorporates Burswood results for six months compared with only four months in the prior period. VIP Program turnover of \$11.8 billion increased by \$1.6 billion compared with the prior period; or \$0.4 billion like for like.

Costs (excluding gaming taxes, VIP Program Play commissions, other directly variable costs and the impact of new operations), increased by approx 7% due mainly to the impact of higher patronage levels on labour costs in table games, hotels, and food and beverage operations.

INVESTMENTS

The Group's equity accounted earnings have significantly improved by \$32.3 million, over the prior six months, to \$35.7 million. Our internet businesses, SEEK and ninemsn, together with Fox Sports and Foxtel, improved their contribution to the group result. Hoyts and the Melco/PBL joint venture were included in this period, but not in the previous corresponding six months.

SPECIFIC ITEMS

During the year the Group recorded a non-recurring after tax gain of \$16.9 million from the sale of its "dot point" businesses into the CarSales.com joint venture.

CASH FLOW

Net operating cash flow for the period was \$442 million, which was essentially flat on the previous corresponding six months. Earnings growth, increased dividends received and the above theoretical win rate all contributed positively to improving cash flows but this was offset by the ESP loan repayments (\$85 million) received in the prior period (\$Nil this period) and negative working capital movement.

After capital expenditure of \$70 million, dividend payments of \$168 million, and net investment activity receipts of \$7 million, group net debt decreased by \$210 million to \$1,534 million at 31 December 2005.

DIVIDEND

The Directors have declared a fully franked dividend on ordinary shares of 30 cents per share payable on 13 April, 2006 to shareholders registered on the books close date, at 5.00pm on 31 March, 2006.

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 half year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



SJ Ferguson
Partner
22 February 2006

Publishing and Broadcasting Limited

Condensed Income Statement

for the half-year ended 31 December 2005

		Consolidated	
	Note	2005 \$'000	2004 \$'000
Continuing Operations			
Revenues	2	1,900,175	1,634,509
Other income	2	23,101	65,245
Expenses	2	(1,381,478)	(1,203,421)
Share of net profits (losses) of associates and joint venture		35,663	3,401
Profit from continuing operations before tax and finance costs		577,461	499,734
Finance costs		(97,059)	(92,662)
Profit before income tax		480,402	407,072
Income tax expense		(87,103)	(59,126)
Net profit for the period		393,299	347,946
Profit attributable to minority interests		6,016	5,911
Net profit attributable to members of the parent		387,283	342,035

Earnings per security (EPS)

Basic EPS (cents per share) ⁽¹⁾	57.54	51.67
Diluted EPS (cents per share) ⁽¹⁾	57.54	51.67

⁽¹⁾ Basic/diluted EPS excluding the effect of specific items - refer note 8

Publishing and Broadcasting Limited

Condensed Balance Sheet

as at 31 December 2005

	Consolidated	
	31 December 2005 \$'000	30 June 2005 \$'000
	Note	
Current Assets		
Cash and cash equivalents	1,389,689	1,232,638
Trade and other receivables	461,160	436,773
Inventories	78,979	122,002
Prepayments	38,379	31,852
Other assets	12,994	13,173
Derivatives	66,453	-
Total Current Assets	2,047,654	1,836,438
Non-Current Assets		
Receivables	30,055	31,897
Inventories	77,512	41,527
Available-for-sale financial assets	238,795	-
Other financial assets	12,975	276,410
Investments in associates accounted for using the equity method	760,474	726,392
Property, plant and equipment	1,909,275	1,909,958
Licences and mastheads	2,434,546	2,440,676
Other intangible assets	620,450	620,335
Deferred income tax asset	195,086	178,968
Prepaid casino tax	77,943	79,310
Other	8,204	9,081
Total Non-Current Assets	6,365,315	6,314,554
Total Assets	8,412,969	8,150,992
Current Liabilities		
Trade and other payables	702,738	677,119
Interest-bearing loans and borrowings	829,031	524,716
Income tax payable	110,386	38,290
Provisions	114,058	134,596
Derivatives	2,733	-
Total Current Liabilities	1,758,946	1,374,721
Non-Current Liabilities		
Payables	78,916	91,133
Interest-bearing loans and borrowings	2,094,524	2,451,959
Deferred income tax liabilities	504,249	527,959
Provisions	76,878	76,952
Total Non-Current Liabilities	2,754,567	3,148,003
Total Liabilities	4,513,513	4,522,724
Net Assets	3,899,456	3,628,268
Equity		
Issued capital	2,356,351	2,356,351
Reserves	54,092	6,932
Retained earnings	1,480,135	1,261,117
Parent interests	3,890,578	3,624,400
Minority interests	8,878	3,868
Total Equity	3,899,456	3,628,268

Publishing and Broadcasting Limited

Condensed Cash Flow Statement

for the half-year ended 31 December 2005

	Consolidated	
	2005	2004
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,906,128	1,888,255
Payments to suppliers and employees	(1,361,471)	(1,321,474)
Dividends received	37,624	12,535
Interest received	37,140	30,088
Borrowing costs	(95,854)	(91,496)
Income tax paid	(81,692)	(77,597)
Net operating cash flows	441,875	440,311
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,268)	(68,939)
Proceeds from sale of property, plant and equipment	959	508
Payment for purchases of equity investments	(5,654)	(62,229)
Payment for the acquisition of controlled entities	(943)	(540,666)
Net proceeds from sale of equity investments	15,256	102,960
Payment for mastheads	-	(9,944)
Other (net)	(1,503)	(9,923)
Net investing cash flows	(63,153)	(588,233)
Cash flows related to financing activities		
Proceeds from borrowings	150,000	286,844
Repayment of borrowings	(202,445)	(225,951)
Dividends paid	(168,219)	(185,740)
Dividends/distributions paid to outside equity interests	(1,007)	(3,585)
Net financing cash flows	(221,671)	(128,432)
Net increase (decrease) in cash held	157,051	(276,354)
Cash at beginning of period	1,232,638	1,276,705
Effects of exchange rate changes on cash	-	-
Cash at end of period	1,389,689	1,000,351

Publishing and Broadcasting Limited

Condensed Statement of Changes in Equity

for the half-year ended 31 December 2005

	Attributable to equity holders of the parent				Minority Interest	Total Equity
	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000	\$'000	\$'000
At 1 July 2004	2,182,838	1,142,674	15,186	3,340,698	2,782	3,343,480
Net gain on pension assets			1,870	1,870		1,870
Currency translation differences			(7,229)	(7,229)		(7,229)
	2,182,838	1,142,674	9,827	3,335,339	2,782	3,338,121
Profit for the period		342,035		342,035	5,911	347,946
	2,182,838	1,484,709	9,827	3,677,374	8,693	3,686,067
Equity dividends		(185,339)		(185,339)	(4,060)	(189,399)
At 31 December 2004	2,182,838	1,299,370	9,827	3,492,035	4,633	3,496,668
At 1 July 2005	2,356,351	1,261,117	6,932	3,624,400	3,868	3,628,268
Currency translation differences			2,718	2,718		2,718
Net (loss) on available for sale assets			(800)	(800)		(800)
Net gains on cash flow hedges			45,242	45,242		45,242
	2,356,351	1,261,117	54,092	3,671,560	3,868	3,675,428
Profit for the period		387,283		387,283	6,016	393,299
	2,356,351	1,648,400	54,092	4,058,843	9,884	4,068,727
Equity dividends		(168,265)		(168,265)	(1,006)	(169,271)
At 31 December 2005	2,356,351	1,480,135	54,092	3,890,578	8,878	3,899,456

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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 annual financial 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 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

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 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

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.

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

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
 - AIFRS profit for the half-year 31 December 2004 and full year 30 June 2005,
- to the balances reported in the 31 December 2004 half-year report and 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 9.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of PBL and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(i) Basis of consolidation (continued)

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.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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 PBL has control.

(ii) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(iii) Other taxes

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.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(iii) Other taxes (continued)

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

Cash flows are included in the Cash Flow Statement 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.

(iv) Foreign currency translation

Both the functional and presentation currency of PBL and its Australian subsidiaries is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of PBL at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(v) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vi) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(vii) Inventories and Program Rights

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(vii) Inventories and Program Rights (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

(viii) Investment in associates

The Group's investment in its associates is accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are neither subsidiaries or joint ventures.

The financial statements of the associates are used by the Group to apply the equity method. The reporting dates of the associates and the Group are identical and both use consistent accounting policies.

The investment in the associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(ix) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(x) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – 40 to 75 years

Leasehold improvements - lease term

Plant and equipment – 2 to 15 years

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(xi) 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 Communications and Media Authority, the directors have no reason to believe the licences will not be renewed.

The directors regularly assess the carrying value of licences and 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 consider that the licences and mastheads are indefinite life intangible assets.

The casino licence premiums are carried at cost of acquisition. The Crown licence 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. The Burswood licence is perpetual and, as such, no amortisation is charged.

(xii) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(xiii) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(xiv) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(xv) Development costs

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(xvi) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(xvii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(xviii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xix) Pensions and other post-employment benefits

The Group operates superannuation funds which require contributions to be made to separately administered funds.

Actuarial gains and losses on the defined benefits fund are recognised as a separate component of equity.

(xx) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(xx) Leases (continued)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(xxi) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xxii) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

(xxiii) Revenue

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

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.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Designation of previously recognised financial instruments

Financial instruments were designated as financial assets or liabilities at fair value through profit or loss or as available-for-sale at the date of transition to AIFRS.

Accounting for hedges

In the comparative period, the accounting policy was as follows:

Where a purchase or sale was specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction were deferred and included in the measurement of the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date were taken to the net profit.

The group's hedged items would not have qualified for recognition under AASB 139 as at inception of the hedges there were no formal designation and documentation of the hedging relationships.

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

Consolidated	
2005	2004
\$'000	\$'000

2. REVENUE AND EXPENSES

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

(i) Revenue

Revenue from services	1,518,769	1,288,539
Revenue from sale of goods	328,234	297,118
Interest received	37,558	33,330
Dividends received	5,170	9,461
Other operating revenue	10,444	6,061
	1,900,175	1,634,509

(ii) Other Income

Profit on disposal of non-current assets	23,101	65,245
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(iii) Expenses

Cost of sales	292,124	268,413
Television activities	329,665	326,648
Publishing activities	75,178	57,790
Gaming activities	610,082	490,210
Other ordinary activities	74,429	60,360
	1,381,478	1,203,421

Depreciation of non-current assets

(included in Expenses above)

Buildings	18,865	16,900
Plant and equipment	46,333	41,309
	65,198	58,209

Amortisation of non-current assets

(included in Expenses above)

Casino licence fee and management agreement	7,860	7,855
Ticketing rights	1,840	1,116
Plant and equipment under finance lease	1,537	1,637
Leasehold property	1,077	1,170
Other assets	3,030	3,586
	15,344	15,364
Total depreciation and amortisation expense	80,542	73,573

(iv) Specific Items

Net profit on disposal of investments (included in other income above)	16,914	64,885
Restructure costs	-	(3,516)
	16,914	61,369

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

3. SEGMENT REPORTING

Continuing operations

Business segments	Television		Magazines		Gaming		Unallocated		PBL Group	
	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000	31 Dec 2005 \$'000	31 Dec 2004 \$'000
Operating revenue										
Total	471,696	491,664	471,719	414,385	890,159	654,153	60,633	113,051	1,894,207	1,673,253
Intersegment	(4,655)	(3,337)	(1,269)	(883)	(528)	(634)	(2,037)	(1,975)	(8,489)	(6,829)
External customers	467,041	488,327	470,450	413,502	889,631	653,519	58,596	111,076	1,885,718	1,666,424
Interest revenue									37,558	33,330
Total revenue from continuing operations	467,041	488,327	470,450	413,502	889,631	653,519	58,596	111,076	1,923,276	1,699,754
Segment result										
Earnings before interest, tax, depreciation and amortisation "EBITDA"	148,895	171,300	134,033	125,791	295,772	184,825	(10,832)	(6,709)	567,868	475,207
Depreciation and amortisation	(11,519)	(9,621)	(4,415)	(4,190)	(59,607)	(55,818)	(5,001)	(3,944)	(80,542)	(73,573)
Earnings before interest and tax "EBIT"	137,376	161,679	129,618	121,601	236,165	129,007	(15,833)	(10,653)	487,326	401,634
Specific items			16,914					61,369	16,914	61,369
Equity accounted share of associates' net profit									35,663	3,401
Net interest (expense)									(59,501)	(59,332)
Profit from operating activities before income tax and minority interests	137,376	161,679	146,532	121,601	236,165	129,007	(15,833)	50,716	480,402	407,072
Income tax expense									(87,103)	(59,126)
Profit after tax from continuing operations	137,376	161,679	146,532	121,601	236,165	129,007	(15,833)	50,716	393,299	347,946

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

Consolidated	
2005	2004
\$'000	\$'000

4. 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 2005:
25 cents per share (2004: 28 cents per share)

168,265 185,339

(b) Dividends proposed and not recognised as a liability

Interim franked dividend for financial year 30 June 2006:
30 cents per share (2005: 27 cents per share)

201,919 181,727

370,184 367,066

Consolidated	
31 December	30 June
2005	2005
\$'000	\$'000

5. INTEREST BEARING LOANS AND BORROWINGS

Current

Bank facilities

20,000 20,000

Other senior debt

793,650 500,676

Cross currency swap payable

13,707 -

Lease liabilities

1,674 4,040

829,031 524,716

Non-Current

Other senior debt

1,646,784 1,973,018

Subordinated debt

300,000 300,000

Cross currency swap payable

147,520 178,643

Lease liabilities

220 298

2,094,524 2,451,959

6. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

Consolidated	
2005	2004
\$'000	\$'000

7. EVENTS AFTER THE BALANCE SHEET DATE

Since 31 December 2005, the Tasmanian Gaming Commission has issued a betting exchange gaming licence to Betfair Pty Ltd, the 50/50 joint venture PBL has with Betfair UK. The joint venture commenced operations on 7 February 2006 when the licence became effective.

On 21 February 2006, the directors of PBL declared an interim dividend on ordinary shares in respect of the year ending 30 June 2006. The total amount of the dividend is \$201.9 million, which represents a fully franked dividend of 30 cents per share. The dividend has not been provided for in the 31 December 2005 half-year financial statements.

8. EARNINGS PER SHARE (EPS)

Basic/diluted EPS excluding the effect of specific items (cents per share)	55.03	42.40
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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	393,299	347,946
Less: Specific items - note 2 (iv)	(16,914)	(61,369)
Net profit before specific items	376,385	286,577
Net (profit) attributable to minority interests	(6,016)	(5,911)
Earnings used in calculating basic/diluted EPS excluding specific items	370,369	280,666

Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS ('000)	673,062	661,925
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Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

9. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

Reconciliation of equity as presented under AGAAP to that under AIFRS

	Notes	CONSOLIDATED	
		30 June 2005 ⁽²⁾	1 July 2004 ⁽¹⁾
		\$'000	\$'000
Total Equity under AGAAP		4,497,060	4,221,392
<i>Adjustments to retained earnings (net of tax)</i>			
Impairment of assets	(i)	(170,597)	(170,597)
Write-back of goodwill amortisation	(ii)	2,893	-
Deferred taxes on adoption of balance sheet method	(iii)	(279,244)	(280,174)
		(446,948)	(450,771)
<i>Adjustments to other reserves (net of tax)</i>			
Recognition of defined benefit pension asset/(liability)	(iv)	3,704	(36)
Re-state previously revalued assets at cost	(v)	(423,400)	(423,400)
Deferred taxes on adoption of balance sheet method	(iii)	(3,705)	(3,705)
		(423,401)	(427,141)
Total equity under AIFRS		3,626,711	3,343,480

⁽¹⁾ This column represents the adjustments as at the date of transition to AIFRS

⁽²⁾ This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005

- (i) Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use. The group's current accounting policy is to determine the recoverable amount of an asset on the basis of discounted cash flows. The Group's assets including goodwill were tested for impairment on transition and each subsequent reporting date as part of the cash generating unit to which they belong. Where applicable, impairment losses have been recognised under AIFRS. The most significant component of the adjustment to retained earnings relates to Magazine mastheads. Mastheads were aggregated and tested for impairment under AGAAP as a group of assets because they work together to generate net cash inflows. However under the requirements of AIFRS, the recoverable amount is assessed for impairment for each cash generating unit. Following the determination of each cash generating unit, certain specific mastheads have been written down by a total of \$167 million on transition to AIFRS.
- (ii) Under AASB 3 *Business Combinations* goodwill is not permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment. PBL has elected not to apply AASB 3 retrospectively and hence, prior year amortisation has not been written-back as at the date of transition.
- (iii) AASB 112 *Income Taxes* requires the Group to use a balance sheet liability method, rather the current income statement method which recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. For PBL, this results in the recognition of a deferred tax liability in relation to certain investments and certain identifiable intangible and other assets where a deferred tax liability has not previously been recorded. The deferred tax impact for the difference between the carrying value and tax base of PBL assets not previously tax-effected is \$280.2 million at 1 July 2004. The major components of this adjustment are Licences, Mastheads and other Intangible assets comprising \$216 million, Other Financial Assets \$45 million and Investments in Associates \$19 million.

Publishing and Broadcasting Limited

Notes to the Half-Year Financial Statements

for the half-year ended 31 December 2005

9. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (CONTINUED)

- (iv) Under AASB 119 *Employee Benefits*, PBL recognises the net surplus/(deficit) in its employer sponsored defined benefit funds as an asset/(liability). This would result in a change in PBL's accounting policy which was a cash basis of accounting. Actuarial calculations were completed as at 30 June 2004 and 30 June 2005. PBL has elected to recognise actuarial gains and losses in equity. A reserve has been established for this purpose.
- (v) Under AASB 138 *Intangible Assets*, 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 has been reversed against the asset revaluation reserve.
- (vi) Management has decided to apply the exemption provided in AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards have been applied from 1 July 2005 and the impact to opening retained earnings was nil.

Reconciliation of net profit under AGAAP to that under AIFRS

	Notes	CONSOLIDATED	
		6 mths to 31 Dec 2004 \$'000	12 mths to 30 June 2005 \$'000
Net profit as reported under AGAAP		345,570	489,509
Amortisation of goodwill	(i)	1,446	2,893
Adjustment to income tax expense	(ii)	930	2,487
Net profit under AIFRS		347,946	494,889

- (i) Under AASB 3 *Business Combinations* goodwill is not permitted to be amortised but instead is subject to annual impairment testing. Under the new policy, amortisation is no longer charged, but goodwill is written down to the extent it is impaired.
- (ii) The adjustment to income tax expense relates to movements in DTL balances of intangibles and investments.

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

There were no material impacts to the cash flows presented under AGAAP on adoption of AIFRS.

Reclassification within the Balance Sheet

PBL has elected not to retrospectively apply AASB 3 *Business Combinations*. In this situation, AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* requires a company to determine whether there were any identifiable intangibles recognised in a business combination that would not qualify for recognition under AIFRS. Where such assets are identified they should be adjusted against goodwill at the AGAAP carrying amount. PBL has identified \$310.1 million previously included in magazine mastheads that does not relate to specific titles and so would not be recognised as a masthead under AIFRS. This amount has been transferred to goodwill at 1 July 2004.

Publishing and Broadcasting Limited

Directors' Declaration

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

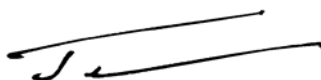
In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB "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, 22nd day of February, 2006.

Independent review report to members of Publishing and Broadcasting Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules for the consolidated entity comprising both Publishing and Broadcasting Limited (the company) and the entities it controlled during the half year, and the directors' declaration, for the company, for the period ended 31 December 2005.

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 consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*, and the ASX Listing Rules as they relate to Appendix 4D. 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included after the review of operations.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of the consolidated entity, Publishing and Broadcasting Limited and the entities it controlled during the half year ended 31 December 2005 is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 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 and the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



SJ Ferguson

Partner

Sydney

22 February 2006

Publishing and Broadcasting Limited

Appendix 4D supplementary information

for the half-year ended 31 December 2005

Consolidated	
2005	2004

NTA Backing

Net tangible asset backing per ordinary security

\$1.25

\$0.65

Control gained over entities having material effect

N/A

Loss of control of entities having material effect

N/A

Dividends

	Record Date	Payable Date	Amount per security	Total Dividend \$'000	Franked amount per security	Amount per security of foreign source dividend
Final	30/09/2005	14/10/2005	25 cents	168,265	25 cents	-
Interim	31/03/2006	13/04/2006	30 cents	201,919	30 cents	-

The interim dividend has not been recognised as a liability for the half-year ended 31 December 2005.

No shareholders' dividend plans are in operation.

Equity accounted associates and joint venture entities

Name of entity	Ownership interest		Contribution to net profit	
	2005 %	2004 %	2005 \$'000	2004 \$'000
Sky Cable Pty Ltd	50.0%	50.0%	(5,398)	(20,032)
Premier Media Group	50.0%	50.0%	17,347	10,708
ninemsn Pty Ltd	50.0%	50.0%	12,692	4,550
Hoyts Cinemas	50.0%	0.0%	4,956	-
SEEK Ltd	25.0%	25.0%	3,643	2,064
Australian Financial Investment Group ⁽¹⁾	0.0%	0.0%	-	4,450
Other non-material interests			2,423	1,661
Total			35,663	3,401

⁽¹⁾ Investment disposed of in November 2004. Previous corresponding half-year result for five months.