

**Publishing and Broadcasting Limited
Annual General Meeting – 27 October 2005**

**MR JAMES PACKER, EXECUTIVE CHAIRMAN
CHAIRMAN'S ADDRESS**

Overview

PBL delivered another very strong result in the 2005 financial year, achieving records in normalized revenues, profits, cashflows and in dividends paid.

Double digit increases were achieved in both normalised revenues, up 20% to \$3.3 billion, and normalized profit, up 21% to \$541 million.

Our reported after tax profit of \$480 million was negatively impacted by \$61 million from a combination of below theoretical win rate of \$26 million and a net \$35 million of non-recurring losses. However, our 2004 result of \$668 million benefited from a \$38 million above theoretical win rate and net non-recurring profits of \$184 million.

Cash flows from operations increased this year by \$106 million to \$779 million. Net debt increased by \$677 million to \$1.7 billion as we utilised our banking facilities to invest in several important business opportunities including the purchasing of Burswood. The company's key financial ratios remain strong and our balance sheet conservative.

As promised we boosted the dividend payout ratio to approximately 65% of normalised net profits after tax, distributing to shareholders 52 cents per share in dividends. This is more than double the dividend paid two years ago.

Our ability to achieve these results in circumstances where internal and external challenges emerged during the year demonstrates the strengths of PBL's operating businesses.

Our results reinforce the path we started on some six years ago to diversify our businesses. At this meeting in 1999 we had two main businesses, free to air television and magazine publishing - moreover our television business was more than twice as profitable as our magazine business at that time.

Today we have added gaming, through Crown and Burswood, as a third major business. Furthermore we have now also embarked on our first international casino investment in Macau.

Our investment in pay television, through our shareholding in Foxtel and our interest in content providers Fox Sports and Sky News, is also emerging as a valuable growth media business.

At the same time we are developing a portfolio of leading online media businesses through our investments in ninemsn, SEEK and hopefully the exciting new Carsales venture.

Our approach of having a portfolio of major businesses which are leaders in their respective industries, as well as a number of substantial equity investments in growth opportunities, is serving us very well.

Looking in more detail at our business...

Nine Network

The restructuring and reinvigoration of the Nine Network continued during the year. The challenges which confronted Nine Network were partially specific to us, but also reflective of challenges to the free to air platform in Australia. Competition is intense between the free to air networks, pay television, video on demand and DVD.

Revenue for the year rose by 4.8% to \$904 million, which included a 5.2% lift in advertising sales.

EBITDA slipped by 3.6% to \$270 million, and costs excluding write-offs increased by an unacceptable 8.8%.

Changes have been made to Nine's senior management, and an extensive review conducted to reduce costs. We have addressed the value of film acquisition agreements and rights we hold, resulting in write offs. These steps were painful but appropriate to position the Nine Network going forward.

Against these backdrops, Sam Chisholm and the Nine Network team have achieved some significant successes during the year.

Nine Network retained its position as Australia's number one commercial television network, winning 39 weeks of the ratings including each of the last 10 weeks.

Nine Network retains its number 1 status in the important 25 to 54 demographic.

On the programming front, Sandra Levy has joined in the key role as Director of Development. The Nine Network continues to work hard to bring to our viewers the very best news and current affairs coverage, lifestyle shows and local drama. Our strong slate of overseas hit shows continues.

The Network also re-signed the long term broadcast rights for Australian cricket and the NRL, important elements of our leading sports coverage. We also have the Commonwealth Games and AFL in 2006.

ACP Magazines

ACP Magazines had another very strong year, with an 11% increase in revenue and a 16% rise in EBITDA to a record \$245 million. Again an excellent performance.

Advertising revenue gained by 17%. Costs were contained to an increase of just 5% on a like for like basis, increasing the operating margin to over 29%.

Despite being the market leader in Australia, ACP has adopted fresh ways to extend its reach.

The year saw the launch of an exciting new monthly women's magazine, *Madison*. Published as part of our joint venture with Hearst Corporation, this magazine sold more than 90,000 copies in each of its first four issues and is already profitable. Since year end, we launched *Real Living*, which like *Madison* is also already profitable.

A number of our existing titles have been relaunched, while strong sales for other titles led to increased frequency of publication.

In the UK, our joint venture with Hearst continues to develop well, with weekly sales of the women's title *Best* exceeding 400,000 copies, and *Reveal*, a celebrity weekly magazine launched during the year recently auditing at more than 350,000 copies a week. Further new launches are planned.

In New Zealand, classified titles have been acquired to supplement an already strongly performing operation. We have also launched a monthly magazine, *Taste*.

Crown and Burswood

PBL's Gaming Division delivered a strong result across the board.

Crown's operating divisions all generated solid growth and the improvement in Burswood's performance since the PBL takeover has been immediate and substantial.

With the inclusion of 10 months results of Burswood for the first time, normalised EBITDA for the Gaming Division increased by 42% to \$457 million.

A low win rate of 1.17% on international VIP play across the two properties meant that reported EBITDA only increased by 11.6%. However it was pleasing that international turnover increased in the face of an increasingly competitive market. PBL will continue to maintain a strong sales presence in the Asian region to capitalize in particular on the growing China/Hong Kong market.

At Crown, the gaming machine division continued to outperform the local competition while table games delivered very strong growth largely driven by local premium players and the resurgence of interest in poker.

The award winning Crown Promenade Hotel completed its first full year of operations with occupancy rates around 90% and strong conference bookings. The refurbishment of a number of bars and solid banqueting bookings enabled the food and beverage division to also contribute good earnings growth.

At Burswood, immediately following the takeover at the end of August 2004, a major improvement program was initiated.

This program delivered a sharp lift in Burswood's EBITDA performance driven by:

- increasing the number and improving the variety of games to meet customer expectations
- introduction of proven marketing initiatives developed at Crown including the reactivation of the Club Burswood loyalty program
- re-positioning the food and beverage offerings to encourage increased visitation to the Complex
- driving the international business through an expanded overseas marketing network and improved service levels
- standardising the terms and conditions of international play between Burswood and Crown
- upgrading the casino management system and other business support systems
- incorporating proven business practices from Crown and the wider PBL Group

As a result of this enhancement program, strong year on year growth was reported for Burswood's international business, table games, gaming machines and food and beverage operations.

Across both properties, a consistent focus on cost containment delivered an improved EBITDA margin for the Gaming Division.

Looking ahead, the successful opening of Burswood's second hotel last month and the completion of Crown's car park expansion early next year should provide additional strengths to PBL's gaming division.

Macau

PBL's gaming division has also taken its first steps to expand outside Australia by signing a joint venture with Melco International in Hong Kong to develop new casinos in Asia. Already two new complexes are being developed in Macau.

In Macau gaming revenues have grown dramatically since the issue of new casino licences in 2002. Macau's net gaming revenue in calendar 2004 was only slightly behind the Las Vegas strip, and whilst a number of new casino facilities have opened or are opening, we believe demand will continue to grow strongly.

Crown Macau, sited in the Taipa district of Macau, is under construction. It will comprise a 17,000 square metre gaming area opening in late 2006, and the luxury Crown Macau Hotel will open in early 2007.

The second project in Macau, City of Dreams, is under development. Located in the Cotai Strip area, it is proposed to feature four hotels and an entertainment area as well as 450 table games and 3000 gaming machines.

Equity Investments

Significant progress was made by companies in which PBL has substantial investments. We are seeing the expected growth in equity accounted contributions from our recent investments, and we expect this trend to continue for the foreseeable future.

FOXTEL

PBL has a 25% shareholding of Foxtel in partnership with Telstra and News Corp.

The 2005 year was the first full year of FOXTEL's Digital service which was launched in March 2004. In the year FOXTEL's direct connected subscriber base grew by 119,000 or 13% to 1,023,000 direct connected subscribers.

Subscribers have warmly embraced digital. 75% of subscribers now use FOXTEL Digital, compared with only 25% at this time last year. Churn is at historic low levels of less than 12%.

FOXTEL launched the FOXTEL iQ, a personal digital recorder that is fully integrated with the FOXTEL Digital service, in February 2005. FOXTEL iQ has also been well received by subscribers.

Subscribers are also buying more of the product than ever before with significantly higher average revenue per user for Digital subscribers. Combined with strong ARPU growth, the increase in subscribers delivered a 22% increase in revenues to \$1,064 million from the prior year.

The FOXTEL business is now strongly EBITDA positive and management have forecast that FOXTEL will be profitable from the second half of this financial year.

Premier Media Group

PBL has a 50% shareholding of Premier Media Group in partnership with News Corp.

The Premier Media Group, which owns the Fox Sports channels, contributed a \$21 million equity accounted contribution to PBL up from \$16 million a year ago.

The introduction of Fox Sports Active continues to enrich the sports viewing experience by allowing viewers to select camera angles, watch replays, view game statistics and player profiles.

ninemsn

PBL has a 50% shareholding of ninemsn in partnership with Microsoft.

ninemsn contributed an \$11 million equity accounted profit to PBL, up from \$7.2 million a year ago. Ninemsn remains the number one internet portal in Australia with more than 7 million unique visits per month and is the clear leader in the online advertising space.

Broadband takeup in Australia will dramatically assist the ninemsn business, illustrated by the enhanced video download offering now available. As a result short video downloads have increased from 40,000 per month in April 2004 to more than 3 million downloads in May 2005.

Whilst advertising remains the most substantial revenue stream, ninemsn continues to develop new revenue streams from consumer and paid for services.

Ninemsn has reached agreement with Optus for the provision of content and services across both broadband and mobile – to establish a truly converged consumer model. In addition ninemsn has agreed a relationship with Telstra for

the provision of content services to mobile customers through both the 2.5G and 3G platforms.

Rollout of these services has commenced, providing consumers more opportunity to interact with PBL's brands.

SEEK

PBL's 25% shareholding in SEEK, Australia's leading online employment site, continues to grow in value. SEEK contributed \$4.8 million to PBL's earnings, up from \$2.6 million a year ago.

Following its ASX listing in April, SEEK reported a 92% growth in EBIT to \$27 million for the year, driven by a 75% growth in revenue to \$70 million.

In Australia and New Zealand the SEEK websites are estimated to have 1.6 million unique visitors per month, and SEEK continues to build its brand awareness. Visitors accounting for about 14% of Australia's workforce now tap into SEEK's extensive number of job advertisements as the migration from print to online continues.

SEEK believes the education and training market will provide a further major growth platform.

Hoyts

PBL acquired 50% of the Hoyts Cinema, film distribution and Val Morgan Cinema Advertising businesses during the year in joint venture with West Australian Newspapers.

Whilst the Val Morgan screen advertising business and the Hoyts Distribution business are trading as forecast, trading at the Hoyts Australian and New Zealand exhibition business has been weaker than expected.

The main reason for soft cinema attendances appears to be the quality of movie product, an issue affecting the industry both here and overseas.

Whilst the December and January releases look attractive, we and WAN are continuing to drive cost savings and other business improvements at Hoyts.

New Regency

PBL owns 25% of New Regency, a major independent Hollywood movie and television production company.

New Regency has recently released “*Mr & Mrs Smith*” which with worldwide box office of over USD350m is its most commercially successful release to date, and has a number of features due for release over the next year.

In addition, the successful syndication of, the television series “*Malcolm in the Middle*” and growing cash flows from its valuable movie library have a positive impact on the value of this investment.

Ticketek

Our 100% owned ticketing business Ticketek retains its leadership in Australia and New Zealand, selling over 10 million tickets to a variety of musical, theatrical and sporting events.

Ticketek’s online business is experiencing strong growth from its online business, with 2.4m online customers, and 1.1m online My Ticketek customers. On-line sales now account for 23% of tickets sold.

The ticketing business is highly competitive, involving external providers as well as in house solutions available to venues. Ticketek is launching a number of initiatives to reduce costs, increase profitability and better serve consumers, venues and promoters.

These initiatives include an internal review of processes, a geographic expansion into South Australia and Western Australia and new technology applications to make it easier for the consumer to buy and receive tickets.

Betfair

PBL has signed a joint venture with the UK-based betting exchange company. Betfair is well established in the UK and is an exciting new platform for wagering across a variety of sports.

PBL’s involvement with Betfair to conduct a wagering service in Australia is dependent on the granting of a betting licence. We remain hopeful that a licence can be secured, and we expect the coming months to be eventful.

The AFL and Betfair Limited of the UK yesterday announced that they have reached agreement for the AFL to share in revenue from AFL-related wagering on the Betfair platform. This is a major endorsement of the integrity of the Betfair platform under which wagering data will be provided to the AFL.

The AFL arrangements also highlight the interest of sporting organizations to ensure their sports are well funded, and that they appropriately share in revenues, both of which can be accommodated by the Betfair platform.

Should a betting licence be obtained and our joint venture come to fruition, our enthusiasm for this innovative business is as strong as ever.

Merger of Carsales and Carpoint

Recently PBL announced a proposal to merge its online motor vehicle, boat, bike and industrial equipment classified advertising businesses with Australia's number 1 online motor vehicle classified business, Carsales.com.au.

The shareholders of Carsales are meeting tomorrow to approve the transaction. If approved, PBL will own 41% of the expanded capital of Carsales.

This is an exciting new opportunity for PBL to have a substantial investment in the number one online automotive classifieds business, and PBL's involvement will support Carsales to strengthen its leading position.

IN CONCLUSION

Normalised revenue and profit growth, and increased cash flows are features of our business in the past year.

Our focus on margins growth, and ways to improve our businesses, remains paramount.

Our strong cashflows have been used to invest in growth opportunities and to increase dividends.

We remain committed to our approach to drive further profitability from our core businesses, whilst at the same time investing in growth opportunities, as the way to create greater value for our shareholders.