



PUBLISHING AND BROADCASTING LIMITED

FULL FINANCIAL REPORT 2005

ABN 52 009 071 167

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Corporate Governance Statement

Corporate Governance is an important matter to the Company and the Board of Directors (“the Board”) of Publishing and Broadcasting Limited (“PBL” or “Company”). The Board is ultimately responsible for the corporate governance of PBL, notwithstanding the existence of a Board convened Corporate Governance Committee, whose purpose is to review and develop corporate governance policies which are appropriate for PBL.

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

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

This statement describes the main corporate governance practices in place during 2005.

The PBL corporate website contains information on PBL’s corporate governance practices and is located at www.pbl.com.au. On the home page of the corporate website select the *Investor Info* tab from the menu. This will open a further menu from which the *Corporate Governance* tab should be selected.

BOARD OF DIRECTORS

The Board of Directors is responsible for guiding and monitoring PBL on behalf of the shareholders.

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

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

To this end the Board has established a number of Committees which are detailed on page 3 of this report.

MATTERS RESERVED FOR THE BOARD

- In conjunction with management, establish a vision and strategies for PBL.

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

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

STRUCTURE OF THE BOARD

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

- four independent Non-Executive Directors,
- two non-independent, Non-Executive Directors, and
- six Executive Directors.

Chairman of the Board is Mr James Packer, while the PBL CEO is Mr John Alexander.

Board members’ qualifications, skills and experience along with their date of appointment as a Director and the date by which they must face re-election are detailed on page 26 of this report.

The remuneration paid to PBL Directors for the year ended 30 June 2005 is set out on page 25.

Independence of Directors

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

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

Materiality thresholds

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

For Directors:

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

For PBL:

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

Non-compliance

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

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

- Directors having the appropriate skills and experience
- a number of Directors being independent, per the criteria set out above under the heading **Independence of Directors**, and
- appointing a Chairman that would be sanctioned by shareholders and who will act in the best interests of all shareholders.

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

Independent Advice

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

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

Re-election of Directors

In accordance with PBL's constitution, at each Annual General Meeting ("AGM") of PBL, a number of the Directors will face re-election. One third of the Board (excluding the Managing Director and any Director specifically required to stand for re-election) must stand for re-election. In addition no Director other than the Managing Director may hold office for more than three years without standing for re-election, and any Director appointed by the Board since the last AGM must stand for re-election at the next AGM. All retiring Directors are eligible for re-election.

Selection and Appointment of Directors

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

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

Non Compliance

The Board does not consider that the existing process for determining

potential Directors would be enhanced by the formation of a Nomination Committee, since the appointment of any new Board Member requires the consent of all existing Board Members.

Board Committees

The Board has established a number of Committees to assist in the execution of its responsibilities. Where appropriate, the Committees schedule a program of meetings at the beginning of each year, and after each Committee meeting report to the Board at the next available Board meeting. The following Committees were in place at the date of this report:

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

Details of these Committees are discussed below.

AUDIT & RISK MANAGEMENT COMMITTEE

PBL has a Board convened Audit & Risk Management Committee which:

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

Members of the Committee include:

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

The attendance of members of the Committee at Committee meetings held during the year is shown on page 29.

Committee Charter

The Committee has a Charter to govern its operations. The Committee reviews its charter at least annually and refer any proposed changes to the PBL Corporate Governance Committee for approval.

Membership of the Committee

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

Members will have a range of diverse and yet complementary skills and the Chair of the Committee should have a significant background in the

accounting and or financial management disciplines.

Purpose of the Committee

The Committee assists the Board fulfil its responsibilities in relation to PBL's:

- external financial reporting
- risk management
- the external audit function

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

Meeting Frequency

The Committee meets at least twice annually and additionally as required. The main purposes of Committee meetings are to:

- approve and recommend to the Board the half year financial report of PBL
- approve and recommend to the Board the full year financial report of PBL
- review of PBL's risk management
- review of PBL's external auditors, independently from any management of PBL.

Duties and Responsibilities of the Committee

External Financial Reporting

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

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

Assessing accounting, financial and internal controls

The Committee will discuss with the external auditors and management:

- the effectiveness of PBL's accounting, financial and risk management controls
- PBL's ability to assess, monitor and manage risk as well as the various regulatory regimes that effect PBL
- the report to the Committee and the Board from the external auditors on

the results of the audit. The Committee will report to the Board on any significant unresolved differences of opinion over PBL's external financial reporting, between PBL's management and the external auditors

Appointment of the external auditors

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

Independence of the external auditors

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

External audit scope

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

Rotation of the External Audit Engagement Partners

CLERP 9 has introduced a five year rotation requirement for audit partners. PBL's external auditor, Ernst & Young has an internal policy which is consistent with this requirement.

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

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

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

CORPORATE GOVERNANCE COMMITTEE

The role of the Corporate Governance Committee is subject to the direction and control of the Board. The Committee comprises:

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

The purpose of the Committee is to review and develop corporate governance policies which it considers appropriate for PBL.

FINANCE COMMITTEE

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

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

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

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

INVESTMENT COMMITTEE

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

- Mr Kerry Packer, Chairman of the Committee and Executive Deputy Chairman of PBL
- Mr James Packer, Executive Chairman of PBL
- Mr Ashok Jacob, Non-Independent Non-Executive Director of PBL

The purpose of the Committee is to review and approve new investments or the divestiture of investments for PBL, up to a value of A\$50 million in aggregate for any one investment.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

The PBL Occupational Health and Safety (OH&S) Committee is subject to the direction and control of the Board. The Committee comprises:

- Mrs Rowena Danziger, Chairperson of the Committee and a Non-Executive Director of PBL
- Mr Graham Cubbin, Non-Independent Non-Executive Director of PBL

The purpose of the Committee is to monitor the application of the PBL OH&S Policy, which commits to protecting the health and safety of the people who work with PBL, and the people who visit and use PBL's facilities. This commitment is integral to the way PBL carries on its businesses. The Policy's framework expects PBL's businesses to develop, implement and maintain systems for health and safety which will enable PBL to:

- meet legal obligations in relation to OH&S
- identify and control risks to our employees, contractors and the community
- involve our employees in the health and safety of their workplace

through open consultation and communication

- train our employees and assist our contractors to perform their tasks safely
- regularly audit and report health and safety performance against measurable objectives and targets

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

REMUNERATION COMMITTEE

Details of the Board convened Remuneration Committee are included on page 22 of the Remuneration Report.

Board Meetings

The number of Directors' Meetings (including meetings of Committees) and the number of meetings attended by each Director in the financial year are disclosed in the Directors' Report on page 29.

CODE OF CONDUCT FOR PBL DIRECTORS

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

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

SECURITIES TRADING POLICY

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

In order to preserve the reputation and integrity of PBL, it is vital that when people associated with PBL deal in PBL's securities those dealings are not only fair, but are seen to be fair. When Directors and employees deal in securities of PBL they must be sure that it does not reflect improperly on them or PBL.

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

Standards

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

- The Corporations Act 2001 and Regulations (particularly the insider trading provisions)
- the Australian Stock Exchange Ltd Listing Rules (particularly the continuous disclosure requirements in Rule 3.1).

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

General restrictions on trading

Directors and employees:

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

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

Closed periods for Trading

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

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

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

There have been no share issues under the ESP since 2003 and the Board has indicated it has no present intention of further issues of shares under the ESP. For details of the PBL ESP refer to the section "Remuneration Report" on page 13.

Exemption

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

Policy responsibility

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

The Company Secretary has responsibility for maintaining the policy.

Insider trading

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

CONTINUOUS DISCLOSURE POLICY

Guiding principle

PBL is committed to complying with the Continuous Disclosure obligations of the Corporations Act 2001 and the Listing Rules of the ASX.

Purpose

The Continuous Disclosure Policy is designed to ensure that:

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

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

Accountabilities and responsibilities

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

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

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

The CEO of each of PBL's businesses is responsible for communicating

with the PBL CEO and Company Secretary in relation to matters which arise in connection with their business which may be price sensitive to PBL.

All PBL senior executives have been made aware of the elements of the continuous disclosure procedure, including the requirement that the CEO be promptly notified of any proposed or existing or unintended disclosure of information which could be price sensitive.

Disclosure principle

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

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

External communications

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

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

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

Release of briefing materials/Media Releases

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

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

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

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

COMMUNICATIONS POLICY

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

Information is communicated to shareholders through:

- The full financial report and the concise annual report. All shareholders are sent a copy of the concise annual report, unless they have elected not to receive one, and a copy of the full financial report is available, on request.
- Disclosures made to the ASX. PBL endeavours to post all announcements on its corporate website the same day they are released to the ASX.
- Notices and explanatory memoranda of each AGM or other meeting of shareholders. Each notice of meeting will be posted on the PBL corporate website. PBL will use plain English in drafting any notice of meeting to shareholders, and the forms for appointment of a proxy or proxies will explain how the chairperson of the meeting intends to vote undirected proxies. In addition, any notice of meeting will provide clear guidance on the directors' recommendations for each resolution. In relation to resolutions to be considered at a meeting of shareholders, resolutions will not be bundled unless they are interdependent, and any resolutions for the election or re-election of directors will be considered separately.
- The AGM. PBL encourages shareholders to attend PBL's AGM to canvass relevant issues of interest. If shareholders are unable to attend general meetings personally, they are encouraged to participate through the appointment of a proxy or proxies. PBL endeavours to set the timing and location of the AGM or any other shareholders' meeting so that it is convenient for shareholders generally. The Company Secretary will be present at all meetings of shareholders. PBL does not currently webcast the AGM as it does not consider this an effective way of reaching all our shareholders. We continue to monitor and assess changes in technology in this area.
- The corporate website of PBL is located at www.pbl.com.au
This website has a dedicated *Investor Info* section which is intended to facilitate quick and easy access for shareholders to publicly available information in a commonly available format capable of electronic access. The corporate website contains:
 - the concise and full financial reports of PBL for at least the last four years,
 - all media releases made to the ASX by PBL for at least the last four years. Each media release posted to the website shows clearly the date it was released to the market,
 - results announcements for at least the last four years,
 - a company profile and a link to the website of each of PBL's major businesses, and
 - contact details for each of the PBL's major offices worldwide.

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

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

Attendance of the external auditor at the PBL AGM

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

Risk Management

PBL has a sound framework of risk oversight and management, developed in accordance with the Board's Risk Management Policy, and when combined with the internal controls in place within PBL, PBL has risk management policies and procedures which can identify, assess, monitor and manage risk, and will allow PBL to inform the market of material changes to PBL's risk profile.

Based on the risk management policies and procedures and internal controls in place during the year, the CEO and CFO have been able to provide the undertakings pursuant to the ASX Corporate Governance Council's Best Practice Recommendation 7.2 that:

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

RISK MANAGEMENT POLICY

Oversight of Risk Management

While the Board assumes ultimate responsibility for the risk management

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

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

During the year PBL engaged Ernst & Young to perform a high level assessment of PBL's risk management across its major businesses. This assessment was conducted against established and accepted best practice and the ASX Corporate Governance Council's best practice recommendations. The Audit & Risk Management Committee of the Board has met with Ernst & Young to consider the results of Ernst & Young's review.

Risk Profile

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

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

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

Risk Management and Compliance Control

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

Each division includes reporting on Risk Management in its regular monthly reporting.

While PBL does not have a group-wide internal audit function, to ensure effective internal control across PBL's major businesses, PBL has in place

a number of accountability checks and balances including a rigorous budgeting and review process and monthly divisional management meetings with significant involvement from Corporate.

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

Assessment of Effectiveness

PBL will engage an independent external party to review at least annually PBL's risk management system, and PBL's recording of, and testing of, key financial controls which impact PBL's financial statements, and provide a report to PBL's Audit & Risk Management Committee.

BOARD AND DIRECTOR, AND BOARD COMMITTEE PERFORMANCE EVALUATION

A performance evaluation of the Board and its Committees is being undertaken by way of a questionnaire sent to each Board and Committee member. The questionnaires covered role, composition, procedures and practices of the Board and its Committees. The individual responses to the questionnaires are confidential to each Board/Committee member and the Chairman of the Corporate Governance Committee.

Board Induction

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

The induction provides:

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

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

All Directors have unrestricted access to the Company Secretary.

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

The Company Secretary is responsible for coordinating the completion

and despatch of the agenda and Board papers for each meeting, and ensuring the Board receives sufficient information and in a form and timeframe to enable the Board to discharge its duties effectively.

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

Board Agendas and Minutes

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

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

Directors' Indemnity and Insurance

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

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

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

The Directors listed on page 26 have the benefit of the indemnity in Part 12 of the PBL constitution, which also applies to all Officers of PBL.

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

DIRECTOR AND EXECUTIVE REMUNERATION

The performance of PBL is highly dependent on the quality of its Directors and senior executives. To prosper, PBL must attract, retain and motivate skilled executives of the highest calibre.

The remuneration policy, as well as details of the remuneration of PBL's directors, non-executive directors and senior executives are contained within the Remuneration Report on page 11.

The Remuneration Report additionally provides details on the role and structure of the Remuneration Committee. Whilst the composition and responsibilities of the Committee are not entirely consistent with the requirements of the ASX Corporate Governance Council's Best Practice Recommendation 9.2, the Board considers that the existing processes in place in relation to non-executive director remuneration achieve and reflect the outcomes embodied in the Best Practice Recommendations.

CODE OF CONDUCT FOR PBL EMPLOYEES

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

The purposes of the PBL Code of Conduct are to:

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

Conflict of interest

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

To avoid such conflicts arising, employees are obliged to:

- advise their manager of any actual or potential material interest that they may have in relation to a customer, supplier or service provider
- seek prior approval from PBL before agreeing to become a director of a company which has, or may have, a business relationship with PBL

- not seek or accept offers of gifts, money or favours which might influence or appear to influence the making of any business decisions
- not be involved in any other business or position that may result in them not being able to carry out their duties and responsibilities to PBL.

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

Insider trading

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

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

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

Compliance with laws

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

Laws relevant to PBL include:

- Broadcasting Services Act
- Corporations Act
- Casino Control Act (Victoria)
- Casino Control Act 1984 (WA)
- Fair Trading laws
- competition law
- environmental law
- occupational Health and Safety laws
- financial services and banking laws

Confidentiality and Privacy

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

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

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

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

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

Treatment of colleagues and others

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

Discrimination or harassment because of a person's sex, marital status, pregnancy, age, race, colour, ethno-religious background, descent or national identity, disability, or sexual orientation is neither tolerated nor permitted. Employees must ensure that they do not harm, defame, slander or wrongly discriminate against any person.

Political contributions and activities

■ Contributions

PBL may make political donations with the approval of the CEO and the Executive Deputy Chairman, and will only be made if the CEO and the Executive Deputy Chairman determined that it is in the best interests of PBL to make such donations. The aggregate of political donations will not exceed any limit imposed by a regulatory body or law affecting any of PBL's businesses.

■ Activities

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

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

Gifts and entertainment

■ Gifts

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

■ Entertainment

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

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

■ Compliance with the Code of Conduct

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

Remuneration Report

DIRECTOR AND EXECUTIVE DISCLOSURES

This Note outlines the remuneration arrangements for PBL's Directors and senior executives in accordance with the requirements of the Corporations Act 2001 and takes into account the requirements of the Corporate Law and Economic Reform Programme (CLERP 9) which applies to reporting periods commencing from 1 July 2004.

It also provides the remuneration disclosures required by Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities'.

The disclosures in this Note cover the specified directors of PBL including the CEO & Managing Director (**Specified Directors**) and the senior executives having the greatest authority for managing the PBL Group (**Specified Executives**), which includes both the five executives of PBL and the five executives of the PBL Group receiving the highest remuneration for the year ending 30 June 2005.

REMUNERATION POLICY

The performance of the PBL Group is highly dependent upon the quality of its Directors and senior executives. To prosper, the PBL Group must attract, retain and motivate skilled Directors and senior executives of the highest calibre.

The PBL Group's Remuneration Policy is to ensure that executive remuneration packages properly reflect a person's duties and responsibilities, that remuneration is appropriate and competitive both internally and as against similarly sized industry peer group corporations, and that there is a direct link between remuneration and performance.

The structure and process for determining the remuneration of the PBL Group's Non-Executive Directors, Executive Directors, the CEO & Managing Director, and senior executives is separate and distinct.

The Remuneration Committee bears the responsibility of determining the appropriate remuneration for the Non-Executive Directors. Specific remuneration policies and processes applicable to Non-Executive Directors are outlined under (g) on page 22.

Internal processes have been established for determining the remuneration of the CEO & Managing Director, certain Executive Directors (being Mr Craigie, Mr Anderson and Mr Chisholm) and Specified Executives and are outlined under (b) on page 12 .

This Note distinguishes between the two aspects of Remuneration Policy, focusing initially on the Specified Executives (see below) and the Specified Directors on page 22. Due to the nature of their roles, Mr Alexander and Mr Craigie are mentioned in both aspects. Mr Anderson and Mr Chisholm are mentioned in the section dealing with Specific Directors.

(a) Details of the Specified Executives

The Specified Executives listed in the table below were the most highly remunerated executives of PBL and the PBL Group during the financial year ended 30 June 2005. The Specified Executives listed were also the executives with the greatest authority for the strategic direction and management of both PBL and the PBL Group during the year, and all held their positions for the whole of the year ended 30 June 2005 (unless otherwise noted).

PBL

Geoffrey Kleemann	Chief Financial Officer
Guy Jalland	Group General Counsel and Company Secretary Commencing 4 November 2004
Martin Dalgleish	Chief Executive Officer, Convergent Media PBL Commencing employment 14 January 2005
Anthony Klok	Business Development Director, PBL
James McLachlan	Chief Executive Officer, PBL Enterprises and Group General Counsel PBL Ceased employment 4 November 2004

THE PBL GROUP

David Courtney	Chief Executive Officer Burswood Casino from 3 September 2004, previously Chief Financial Officer Crown
David Gardiner	Deputy Chief Executive Officer, ACP Magazines
John Westacott	Executive Producer, Nine Network Australia
David Gynge	Chief Executive Officer, Nine Network Australia Ceased employment 9 May 2005
Michael Morris	Chief Operating Officer, Nine Network Australia Ceased employment 4 April 2005

(b) Remuneration Structure for the Executive Directors and Specified Executives

The remuneration structure incorporates a mix of fixed and performance-based remuneration. Whilst senior executives may in the past have been offered participation in PBL's Executive Share Plan (ESP), there have been no share issues under the ESP since 2003 and PBL has no present intention of further issues of shares under the ESP. An overview of the ESP is set out on page 13. PBL does not have any share options on issue as at 30 June 2005.

The current broad relative weighting between fixed and variable components of remuneration are:

PERCENTAGE OF TOTAL TARGET REMUNERATION				
	Financial Year	Fixed Remuneration	Short-Term Incentive	Long-Term Incentive
CEO & Managing Director	2005	87%	0%	13%
PBL Gaming (Mr Courtney and Mr Craigie)	2005	100%	0%	0%
Executive Directors (Excluding Mr Anderson and Mr Craigie)	2005	100%	0%	0%
Specified Executives (Excluding Mr Courtney)	2005	99%	1%	0%

FIXED REMUNERATION

Fixed remuneration is determined with reference to available market data, considering the scope and any unique aspects of an Executive Director and Specified Executive's role, and having regard to the calibre of the Executive Director and Specified Executive. Fixed remuneration typically includes base salary and superannuation, and in certain cases includes other benefits such as a motor vehicle or motor vehicle allowance, car parking, mobile telephone costs and club membership, aggregated to present the total employment cost (TEC) of the executive to PBL.

The objective of fixed remuneration is to provide a base level of remuneration which is appropriate to the Executive Director and Specified Executive's position, the geographic location of the Executive Director or Specified Executive, and is competitive in the market.

Fixed remuneration for Specified Executives and Executive Directors (except the CEO & Managing Director) is set and reviewed annually by the CEO & Managing Director of PBL and (if applicable) the head of the business division in which the Specified Executive is employed. The CEO & Managing Director may discuss and finalise the setting and review of fixed remuneration with the Executive Chairman and the Executive Deputy Chairman. The review process includes consideration of the performance of the Specified Executive, performance of the business division in which the Specified Executive is employed, relevant comparative remuneration in the market, and if necessary, external advice on policies and practices.

The CEO & Managing Director's fixed remuneration is reviewed and set annually following consideration by the Executive Chairman and the Executive Deputy Chairman.

Executive Directors and Specified Executives often act as directors of subsidiary companies, for which no additional remuneration is payable.

Unless otherwise noted in the Specified Executive's and Executive Director's contract, any discretionary payments relating to the redundancy or retirement of a Specified Executive would be determined by the CEO & Managing Director, though the matter may be discussed and finalised with the Executive Chairman and the Executive Deputy Chairman. Termination or discretionary payments to the CEO & Managing Director would be

considered and approved by the Executive Chairman and the Executive Deputy Chairman.

There have not been any sign on fees paid during the year as part of the consideration for any of the Executive Directors or Specified Executives agreeing to hold their positions.

PERFORMANCE-BASED REMUNERATION

Performance-based components seek to align the rewards attainable by Executive Directors and the Specified Executives with the achievement of particular objectives and the creation of shareholder value over the short and long term, and are detailed further below.

The only Executive Directors who participate in performance-based remuneration are Mr Alexander and Mr Craigie.

(i) Short Term Incentives

The remuneration of the Specified Executives, Mr Alexander and Mr Craigie is linked to PBL's short term performance through a cash-based Short Term Incentive (STI). These individuals may be paid an STI following an assessment conducted using a combination of financial and non-financial measures in the form of key performance indicators (KPIs), which includes the performance of the PBL Group over the past year.

The criteria for the award of an STI are the achievement of the KPIs established at the beginning of each financial year. The particular objectives principally focus on the achievement of the PBL Group's annual business plan and budget. Financial performance objectives (including performance against budgeted EBIT or performance against budgeted cash flow) have been chosen as PBL considers they are the best way to align performance outcomes with shareholder value. Performance is assessed with reference to annual financial statements.

Appropriate non-financial performance objectives (such as achievement of strategic goals, growth, operational efficiencies, people management and development and execution of key initiatives) are also chosen where they are within a Specified Executive's sphere of influence and are relevant to the Specified Executive's area of work, as these metrics are aligned with the achievement of PBL's business plan.

The performance of each Specified Executive against the individual's KPIs is reviewed on an annual basis. Whether KPIs have been achieved is often determined at the discretion of the CEO & Managing Director having regard to the operational performance of the division in which a Specified Executive is involved, and the CEO & Managing Director's assessment of the attainment of individual objectives agreed upon during the year. Where a Specified Executive is an employee of PBL, the CEO & Managing Director will review performance based remuneration entitlements, and will determine the STI following reference to the Executive Chairman and the Executive Deputy Chairman. Determination is the same for Specified Executives who are not employees of PBL but employees of the PBL Group, though the input of the relevant divisional CEO is also sought.

If a Specified Executive leaves the employ of PBL, it is at the discretion of the CEO & Managing Director whether to make payment of that year's STI to that Specified Executive.

Some STIs for the 2005 financial year have not yet been finalised at the time of preparing this report. Any 2005 incentives subsequently paid and not disclosed in the 2005 financial statements will be disclosed in the 2006 financial statements.

(ii) Long Term Incentives

- Long Term Incentives for Mr Alexander, Mr Craigie and certain Specified Executives of PBL

The remuneration of Mr Alexander, Mr Craigie and certain Specified Executives is linked to the PBL Group's long term performance through the use of a cash-based Long Term Incentive (LTI). The LTI has a share price performance hurdle attached, ensuring that an entitlement to a payment only accrues upon achievement of at least a 7% compound annual growth in share price from the share price at the time of granting the LTI.

If an LTI entitlement accrues, a vesting schedule applies which releases the entitlement to the executive over the last 3 years of the 5 year term. 30% of the entitlement vests at the end of year 3, 20% at the end of Year 4 and 50% at the end of Year 5. The share price at the time of granting the LTI, the number of PBL shares to which the LTI relates, and precise vesting details are provided in employment contract summaries commencing on page 15.

- Long Term Incentives for selected senior management of the PBL Gaming division

A modification of the LTI has been introduced for selected senior management of the PBL Gaming Division, in which Mr Craigie and Mr Courtney (a Specified Executive) are entitled to participate. 50% of an executive's LTI entitlement is subject to achievement of the growth in

PBL's share price as described in the preceding paragraph and the balance is subject to the PBL Gaming Division achieving its internal EBITDA targets.

Growth in PBL's share price and the internal EBITDA targets act as separate triggers for Mr Craigie and Mr Courtney to receive parts of their LTI. Each trigger relates to 50% of their LTI.

The PBL Gaming Division LTI was introduced with effect from 1 July 2005 and also extends to other members of senior management of that division.

(iii) Executive Share Plan

An Executive Share Plan (ESP) was approved by shareholders at the 1994 AGM. The last allotment of shares under the ESP occurred on 18 May 2003. Since then PBL has suspended the ESP's operation, and it is PBL's present intention not to make any further issues under it.

Some Specified Executives continue to receive benefits under the ESP and accordingly a summary of the ESP's terms and the benefits are provided below.

The ESP permits the acquisition of PBL's shares on the following basis:

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

Only executives of PBL can participate in the ESP, and Mr James Packer and Mr Kerry Packer have requested not to participate.

The Specified Executives who have ESP Shares for which loans are still outstanding, or have repaid loans during the year, are as follows:

Specified Executive	Date ESP Shares Issued	Number of ESP Shares Issued	Original Loan	Loan Outstanding	Number of ESP Shares for which Loan still outstanding
David Gardiner	25-Jan-02	100,000	\$964,000	\$482,000	50,000
Anthony Klok	19 Oct 01	200,000	\$1,814,000	\$1,451,200	160,000
James McLachlan	06-Oct-99	300,000	\$2,694,000	\$1,347,000	150,000
	02-Jul-01	125,000	\$1,123,750	\$1,123,750	125,000
	18-May-03	150,000	\$1,339,500	\$1,339,500	150,000
John Alexander	06 Oct 99	250,000	\$2,245,000	Nil – repaid October 2004	Nil
Rowen Craigie	11 May 00	150,000	\$1,788,000	Nil – repaid March 2005	Nil
	31 July 00	200,000	\$2,670,000	Nil – repaid March 2005	Nil
Geoff Kleemann	16 Oct 99	200,000	\$1,796,000	Nil – repaid in August and September 2004	Nil
David Courtney	11 May 00	100,000	\$1,192,000	Nil – repaid during the year	Nil
David Gyngell	11-May-00	200,000	\$2,384,000	Nil – repaid May 2005	Nil
Michael Morris	6 Oct 99	100,000	\$898,000	Nil – repaid September 2004	Nil

There has been no alteration to the terms and conditions of shares granted under the ESP since the original grant date.

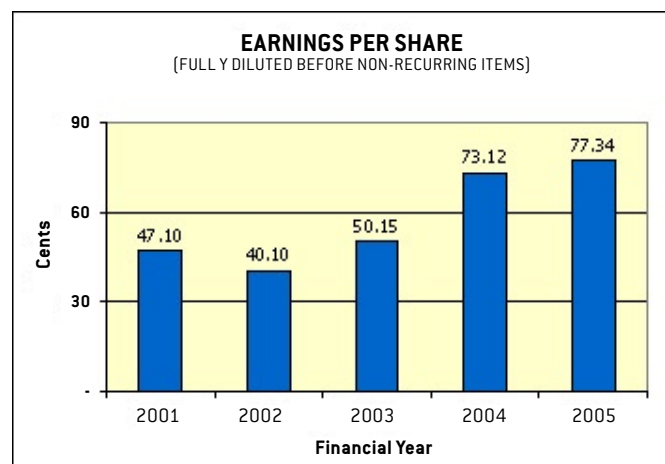
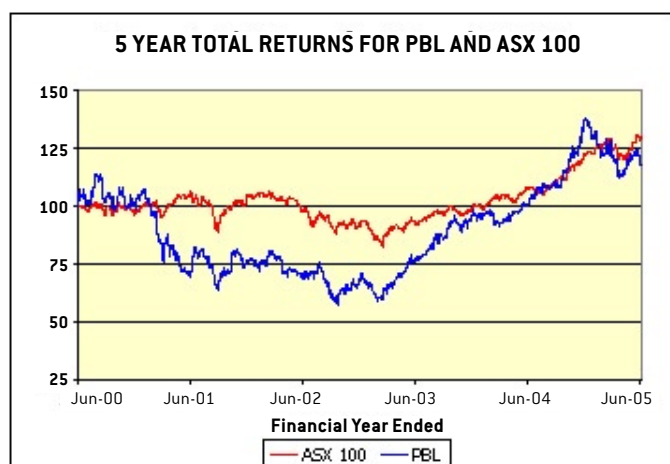
(c) Relationship between remuneration and the performance of PBL

The remuneration of Mr Alexander and Mr Craigie (both Executive Directors) and the Specified Executives is linked to PBL's short term performance through the STI. Individuals may be paid an STI which is assessed using a combination of financial measures (which includes the performance of PBL over the past year) and non-financial measures as outlined on page 12.

The remuneration of Mr Alexander and Mr Craigie (both Executive Directors) and certain Specified Executives is also linked to PBL's long

term performance through the LTI. The LTI has a share price performance hurdle attached, which ensures a payment is only made upon achievement of at least a 7% compound annual growth in PBL's share price over the term. For Mr Craigie and Mr Courtney, as executives in the PBL Gaming Division, the growth in PBL's share price governs 50% of Mr Craigie and Mr Courtney's LTIs and the balance rests on achieving internal EBITDA targets for the PBL Gaming Division.

The graph below shows the shareholder return (comprising share price changes and dividends paid) of PBL and the ASX100 over both the past 5 years. A table detailing PBL's EPS over the past 5 years is also included below.



(d) Summary of the Specified Executives' audited employment contracts

Some Specified Executives are employed under service agreements with PBL, whereas others are employed under service agreements with the appropriate employer entity in the PBL Group relevant to their positions.

There are common features to these service agreements, including:

- each Specified Executive is entitled to 4 weeks' annual leave, and up to 4 weeks' paid sick leave in each 12 months (unless noted otherwise);
- PBL or the appropriate employer entity within the PBL Group will reimburse the Specified Executive for reasonable out of pocket expenses incurred in connection with the Specified Executive's employment;
- each Specified Executive may be required to act as an officer of PBL or as an officer or director of a member or associate of the PBL Group, for which no additional remuneration is paid to the Specified Executive;
- where the Specified Executive's employment is in the PBL Gaming Division, the Specified Executive is prohibited from gambling at any gaming facility operated by Crown or Burswood or their related companies during the term of the Specified Executive's employment and for 3 months following the termination of employment. It is also a condition of employment for these Specified Executives to maintain licences required and issued by relevant regulatory authorities (such as the Victorian Office for Gambling Regulation and the Western Australian Casino Authority);
- Where post-employment restraints apply, the restraint covers, amongst other things, competitive activities to those of PBL and its related bodies corporate. Restraint periods vary and have been noted in each instance; and
- All contracts may be terminated without notice for serious misconduct by the Specified Executive.

Details of each Specified Executive's contract of employment, including the employer entities, are summarised in the following tables. Where a Specified Executive has had more than one contract of employment in the year ended 30 June 2005 each contract is listed, with the most recent contract listed first.

GEOFFREY KLEEMANN

Contract Components	Details
Position	Chief Financial Officer, PBL
Term	5 years from 1 July 2004
Fixed Remuneration	
Base salary, Superannuation and other benefits	\$1,250,000 TEC per annum
Comments	See PBL's policy and objectives concerning fixed remuneration on page 60.
Performance Based Remuneration	
Short Term Incentive (STI)	From fiscal year 2005, Mr Kleemann is eligible for an STI of 25% of his TEC, subject to PBL reaching profit targets and Mr Kleemann achieving his annual KPIs.
Comments	Details as to the payment of STIs are outlined on page 12.
Termination	
By Mr Kleemann	Reasonable notice of termination required.
By PBL	Reasonable notice of termination required.
Other	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

MARTIN DALGLEISH

Contract Components	Details
Position	Chief Executive Officer - Convergent Media, PBL
Date of Commencement	17 January 2005
Term	3 years
Fixed Remuneration	
Base salary	\$550,000 per annum reviewed annually by PBL
Superannuation	PBL contributes superannuation contributions of 9% of base salary and any STI.
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Other Benefits	Mobile telephone Motor vehicle allowance of \$50,000 per annum Motor vehicle parking or allowance Applicable fringe benefit taxes
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Dalgleish is eligible for a discretionary STI as determined by PBL's CEO.
Comments	Details as to the payment of STIs are outlined on page 12. In making any assessment, PBL may consider any opportunities forgone by Mr Dalgleish in accepting the offer of employment at PBL.
Termination	
By Mr Dalgleish	Generally 6 months' written notice except that any time after 17 January 2006, Mr Dalgleish may give 1 month's notice of termination.
By PBL	PBL may terminate on notice by giving:
	(a) 6 months' notice for termination without cause; (b) 1 month's notice of termination for incapacity where executive absent for 16 weeks in any 12 month period or if an independent medical officer advises that the executive's health had deteriorated to such a degree that the executive should leave PBL.
	Notice may be by notice in writing, paid in lieu or part notice part payment.
Post Employment Restraint	3 months restraint period. Mr Dalgleish is entitled to be paid an amount to be agreed between Mr Dalgleish and PBL during the period of the restraint or, in the absence of agreement, his monthly base salary each month.
Other	Mr Dalgleish is to be appointed to the board of directors of ninemsn and Ticketek.
	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

DAVID COURTNEY

Current Contract Components	Details
Position	Chief Executive Officer - Burswood
Term	5 years from 1 July 2005
Fixed Remuneration	
Base Salary, Superannuation and Other Benefits	\$725,000 TEC per annum Annually by PBL. The review process includes consideration of PBL's gaming performance as well as that of the individual, relevant comparative remuneration in the market and if necessary external advice on policies and practices.
Review	
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Other Benefits	Complimentary privileges at Crown and Burswood facilities. Annual return airfares between Perth and Melbourne for Mr Courtney and his family. Mobile telephone
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Courtney is eligible to participate in an STI administered for executives of Burswood. The STI is based on achieving KPIs related to the annual business plan and budget for Burswood. Whether any such incentive payment is made and the amount of any such incentive payment is at PBL's discretion.
Comments	Details as to payment of STIs are outlined on page 12.
Long Term Incentives (LTI)	Mr Courtney is eligible for an LTI which comprises two elements, an EBITDA Cash Bonus and a Notional Share Appreciation (NSA) Cash Bonus.
	Mr Courtney may earn a maximum EBITDA Cash Bonus of \$2,250,000 apportioned over the financial years 2008, 2009 and 2010. The EBITDA Cash Bonus will be made in 3 tranches as set out below if PBL Gaming Division achieves the aggregate EBITDA internal targets for Crown and Burswood.
	If the EBITDA target is not reached for any financial year, the amount of the EBITDA cash bonus for that year may be held over until financial year 2010 and will be payable if the total aggregate EBITDA for Crown and Burswood for all 3 financial years exceeds the sum of the EBITDA internal targets for FY08, FY09, FY10 in aggregate.
	The NSA Cash Bonus is calculated by reference to the share appreciation on 225,000 PBL shares measured against a base share price of \$14.87. For an NSA entitlement to accrue, PBL's share price must appreciate by at least 7% per annum compound from that base share price over the 5 years from 1 July 2005.
	If an LTI accrues, a portion is payable each year in the last 3 years of the 5 year term as follows:
	FY08 – 30%
	FY09 – 20%
	FY10 – 50%
	If any portion of the LTI vests, it is not subject to forfeiture.

DAVID COURTNEY (CONTINUED)

Mr Courtney may request payment of any vested portion by no later than 60 days after 30 June 2010. The NSA component of the LTI is calculated by reference to the date of the notice.

If the share price hurdle for a tranche is not met at the relevant date, the percentage applicable to that tranche will be added to the percentage allocation for the next tranche.

Termination

By Mr Courtney

By giving 12 months' written notice.

By PBL

PBL may terminate by giving:

[a] 12 months' notice for termination without cause;
[b] 1 month's notice for termination for poor performance where at least 3 months' opportunity to improve provided;
[c] 3 months' notice of termination for incapacity where Mr Courtney was absent for 6 months in any 12 month period or if an independent medical officer advises that the executive's health had deteriorated to such a degree that the executive should leave PBL.

Notice may be by notice in writing, paid in lieu or part notice part payment.

Post Employment Restraint

Various restraint periods up to 36 months. Depending on the circumstances, Mr Courtney may be entitled to an additional payment for the restraint (see Termination Payments below).

Termination payments

Provided that Mr Courtney complies with any restraints imposed on him:

If Mr Courtney terminates his employment with PBL or PBL terminates his employment for serious misconduct, poor performance or incapacity, he will be entitled to any unpaid EBITDA Cash Bonus and to any vested NSA Cash Bonus. Thereafter, Mr Courtney will cease to be involved in the LTI. Mr Courtney may also be paid an amount equivalent to his monthly TEC for any period during which a restraint applies.

If PBL terminates Mr Courtney's employment without cause, Mr Courtney will be entitled to any unpaid EBITDA Cash Bonus and to any vested NSA Cash Bonus.

Mr Courtney may also elect to either:

- end his participation in the LTI and receive a payment of 24 months' TEC; or
- continue a pro-rated participation (calculated by reference to the number of completed months in the 5 year term) in the LTI.

Other

For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

Previous Contract Components Details**Position**

Chief Executive Officer - Burswood

Term

5 years from 6 September 2004

Fixed Remuneration

Base Salary, Superannuation and other benefits

\$725,000 TEC per annum

Comments

See PBL's policy and objectives concerning fixed remuneration on page 12.

Other Benefits

Complimentary privileges at Crown's and Burswood's facilities
Annual return airfares between Perth and Melbourne for Mr Courtney and his family.
Mobile telephone

Performance Based Remuneration**Short Term Incentive (STI)**

Mr Courtney is eligible to participate in an STI plan administered for executives of Crown and Burswood. The STI is based on achieving KPIs related to the annual business plan and budget for Burswood. Whether any such incentive payment is made and the amount of any such incentive payment is at PBL's discretion.

Comments

Details as to the payment of STIs are outlined on page 12.

Post employment restraints**Other**

Restraint period of up to 12 months. Burswood will pay for relocation costs of relocating Mr Courtney and his family to Perth and return to Melbourne, as well as providing accommodation assistance.

Contract Superseded

This contract was superseded by entry into a further contract on 1 July 2005 (details above), hence termination and other general provisions of this superseded contract are not set out.

Previous Contract Components Details**Position**

Chief Financial Officer, Crown

Term

5 years from 1 September 2002

Fixed Remuneration

Base Salary, Superannuation and other benefits

\$520,000 TEC per annum

Comments

See PBL's policy and objectives concerning fixed remuneration on page 12.

Other Benefits

Mobile Phone

Performance Based Remuneration**Short Term Incentive (STI)**

Mr Courtney is eligible to participate in an STI plan administered for executives of Crown. The STI is based on achieving KPIs related to the annual business plan and budget of Crown. Whether any such incentive payment is made and the amount of any such incentive payment is at PBL's discretion.

Comments

Details as to the payment of STIs are outlined on page 12.

Post employment restraints**Contract Superseded**

Restraint period of up to 12 months. This contract was superseded by entry into a further contract on 17 December 2004 (details above), hence termination and other general provisions of this superseded contract are not set out.

DAVID GARDINER

Contract Components	Details
Position	Deputy Chief Executive Officer, ACP Magazines
Term	From 1 July 2003, with a minimum term of 3 years
Fixed Remuneration	
Base salary, Superannuation and other benefits	From September 2004, \$750,000 TEC per annum
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Gardiner is eligible for an STI with the quantum to be at the discretion of the CEO & Managing Director of PBL.
Comments	Details as to the payment of STIs are outlined on pages 12.
Notice of termination of employment	
By Mr Gardiner	By giving 6 months' written notice provided that the earliest date on which termination notice can be given is 1 January 2006.
By ACP	ACP may terminate on notice by giving: (a) 6 months' written notice for termination without cause provided that the earliest date on which termination notice can be given is 1 January 2006; (b) 6 months' notice for termination for poor performance where at least 3 months' opportunity to improve provided; (c) 1 month's notice of termination for incapacity where executive absent for 16 weeks in 12 month period or if an independent medical office advises that the executive's health had deteriorated to such a degree that the executive should leave ACP. Notice may be by notice in writing, paid in lieu or part notice part payment.
Other	For further details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

GUY JALLAND

Contract Components	Details
Position	Group General Counsel, PBL
Commencement date	1 November 2004
Term	4 years
Fixed Remuneration	
Base salary	\$1,028,415 per annum
Superannuation	PBL contributes \$11,585 per annum
Review	Annually by PBL with a guaranteed increase of CPI
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Jalland is eligible for an STI at the discretion of the CEO & Managing Director of PBL. Details as to the payment of Incentives are outlined on page 12.
Termination	
By Mr Jalland	6 months' written notice
By PBL	PBL may terminate on notice by giving: (a) 6 months' notice for termination without cause; (b) 6 months' notice for termination for poor performance without an opportunity to improve provided; (c) 3 months' notice for termination for poor performance where at least 3 months' opportunity to improve provided; (d) 1 month's notice of termination for incapacity where executive absent for 16 weeks in any 12 month period or if an independent medical officer advises that the executive's health had deteriorated to such a degree that the executive should leave PBL. Notice may be by notice in writing, paid in lieu or part notice part payment.
Post Employment Restraint	PBL may impose a restraint period of up to 12 months. If PBL does so, Mr Jalland is entitled to be paid his net base salary and superannuation contributions during the period of the restraint.
Other	Mr Jalland was credited with 29.75 days annual leave on commencement. PBL has been compensated by Mr Jalland's previous employer for assuming this liability. For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

ANTHONY KLOK

Contract Components	Details
Position	Business Development Director, PBL
Term	Rolling contract
Fixed Remuneration	
Base Salary, Superannuation and other benefits	\$530,000 TEC per annum.
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Klok is eligible for an STI based on PBL's financial performance and his performance against individual key performance indicators.
	Details as to the payment of STIs are outlined on page 12.
Termination	
By Mr Klok	On 3 months written notice to PBL.
By PBL	PBL can terminate on 3 month's notice for incapacity where executive absent for 16 weeks in any 12 month period or if an independent medical officer advises that the executive's health has deteriorated to such a degree that the executive should leave PBL. Notice could be by notice in writing, paid in lieu or part notice part payment.
Restraint of Trade	6 months restraint period upon termination without cause or for incapacity and for a paid restraint upon expiration of the Term.
Other	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

JOHN WESTACOTT

Contract Components	Details
Position	Executive Producer, Nine Network Australia (NNA)
Term	Rolling contract
Fixed Remuneration	
Base Salary, Superannuation and other benefits	\$998,027 TEC per annum
Review	Annually with a guaranteed increase of CPI
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Other Benefits	NNA will reimburse agreed travel and other expenses.
Performance Based Remuneration	
Short Term Incentive (STI)	Details as to the payment of STIs are outlined on page 12 .
Termination	
By Mr Westacott	Reasonable notice required
By NNA	NNA may terminate by giving: (a) 7 days' written notice for serious misconduct, provided that NNA provide written notice to Mr Westacott and permit him 28 days to remedy the misconduct; (b) 7 days' written notice of termination for incapacity where executive absent for 3 months in any 12 month period; (c) Reasonable notice required if terminating without cause.
Other	Mr Westacott is entitled to 5 weeks holiday per annum
	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

JAMES MCLACHLAN

Contract Components	Details	Post Employment Restraint	6 month restraint period upon termination without cause or for incapacity and for a paid restraint upon expiration of the Term.
Position	Chief Executive Officer, PBL Enterprises and Group General Counsel	Termination payments under the contract of employment	If PBL terminated before 30 June 2008 without cause, Mr McLachlan was entitled to:
Term	5 years and 44 days from 18 May 2003, ceased in position on 4 November 2004	<ul style="list-style-type: none"> ■ a payment of 12 months' total remuneration if the period between the date of termination and 30 June 2008 is 12 months or less; or ■ a payment of the balance of the contract to 30 June 2008 if the period between the date of termination and 30 June 2008 is more than 12 months. This was subject to a maximum payment of 24 months' total remuneration inclusive of any payment for restraint (see Post Employment Restraint above) and any pro rata bonus payable. If PBL terminated after 30 June 2008 without cause 6 months' notice or payment in lieu is required. 	
Fixed Remuneration		Other	Mr McLachlan was entitled to travel first class if required to undertake international air travel and business class for domestic air travel. For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.
Base Salary	\$1,200,000 TEC per annum reviewed by PBL on an annual basis with a guaranteed increase of at least CPI.	Consultancy	Following cessation of Mr McLachlan's employment on 4 November 2004, PBL entered into a consultancy agreement of the same date with an entity associated with Mr McLachlan to provide consultancy services to PBL for a fee of \$20,000 per annum. A restraint operates during the term of the consultancy.
Superannuation	PBL contributed \$42,473 prior to cessation of employment.	Termination payment	Mr McLachlan was paid an amount of \$2,814,206 upon termination of employment with PBL on 4 November 2004.
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.		
Performance Based Remuneration			
Short Term Incentive (STI)	Mr McLachlan was eligible for an STI based on PBL's financial performance and his performance against individual KPIs. Mr McLachlan did not receive an STI for 2005.		
Executive Share Plan	Under the ESP, Mr McLachlan has 425,000 shares outstanding at 30 June 2005 with a loan of \$3,810,250 from PBL. The due date for this loan was extended to 6 October 2005. Full details of this loan are outlined in the table at (b) on page 14.		
Comments	Details as to the payment of Incentives are outlined on pages 12 and 13.		
Termination			
By Mr McLachlan	Mr McLachlan could terminate by giving:		
(a) 9 months' notice of termination if he proposed to be employed by another company; or			
(b) 6 months' notice of termination in any other circumstance.			
By PBL	PBL could terminate on notice by giving:		
(a) 6 months' written notice of termination after 30 June 2008;			
(b) on or prior to 30 June 2008 without reason, making a termination payment as set out in 'Termination Payments' below; or			
(c) 6 months' written notice of termination for incapacity.			

DAVID GYNGELL

Contract Components	Details
Position	CEO, Nine Network Australia (NNA)
Period in position	Ceased in position on 9 May 2005
Fixed Remuneration	
Base Salary	\$950,000 TEC per annum
Superannuation	NNA contributed \$29,883 prior to cessation of employment
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Performance Based Remuneration	
Short Term Incentive (STI)	Mr Gyngell was eligible for an STI based on PBL's financial performance and his performance against individual KPIs.
Comments	Details as to the payment of STIs are outlined on page 12.
Termination	
By Mr Gyngell	Reasonable notice required
By Nine Network	Reasonable notice required
Other	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

MICHAEL MORRIS

Contract Components	Details
Position	Chief Operating Officer, Nine Network Australia (NNA)
Term	Ceased employment 1 April 2005
Fixed Remuneration	
Base Salary, Superannuation and other benefits	\$661,500 TEC per annum
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.
Other Benefits	
Performance Based Remuneration	
Short Term Incentive (STI)	Details as to the payment of STIs are outlined on page 12.
Other	Mr Morris was entitled to 8 weeks sick leave during any 12 month period. For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15 above.
Termination payment	Mr Morris was paid termination benefits upon termination of his employment with NNA on 1 April 2005. See the Specified Executive's remuneration table below for details.

(e) Specified Executives' audited remuneration

The tables below summarise the remuneration details for each Specified Executive for the years ended 30 June 2005 and 30 June 2004 respectively.

2005	Primary Benefits			Post Employment		Other	Total
	Salary & Fees	Non Monetary ^	STI*	Superannuation	Termination Benefits		
James McLachlan	\$657,248	\$122,994	-	\$42,473	\$2,460,111	\$3,282,826	
Geoffrey Kleemann	\$1,073,800	\$59,338	-	\$187,915	-	\$1,321,053	
Michael Morris	\$637,689	\$107,176	-	\$80,676	\$360,000	\$1,185,541	
David Gyngell	\$892,442	\$97,674	\$78,850	\$29,883	-	\$1,098,849	
John Westacott	\$812,455	\$108,613	-	\$99,342	-	\$1,020,410	
David Courtney~	\$664,802	\$120,582	-	\$34,893	-	\$820,277	
David Gardiner	\$614,591	\$48,613	-	\$64,309	-	\$727,513	
Guy Jalland	\$685,610	\$754	-	\$8,602	-	\$694,966	
Anthony Klok	\$496,083	\$30,963	-	\$39,391	-	\$566,437	
Martin Dalgleish	\$276,190	\$915	-	\$13,500	-	\$290,605	
Totals	\$6,810,910	\$697,622	\$78,850	\$600,984	\$2,820,111	\$11,008,477	

* SOME STIS FOR THE 2005 FINANCIAL YEAR HAVE NOT YET BEEN FINALISED AT THE TIME OF PREPARING THIS REPORT. HOWEVER, IN ANTICIPATION OF SUCH INCENTIVES BEING PAID, A GENERAL CHARGE (NOT SPECIFIC TO SPECIFIED EXECUTIVES) HAS BEEN MADE AGAINST THE 2005 ACCOUNTS. ANY 2005 INCENTIVES SUBSEQUENTLY PAID AND NOT DISCLOSED IN THE 2005 FINANCIAL STATEMENTS, WILL BE DISCLOSED IN THE 2006 FINANCIAL STATEMENTS.

^ THERE WERE NO LTIS PAID OR ACCRUED DURING THE YEAR SAVE FOR BENEFITS UNDER THE ESP.

~ NO VALUATION OF MR COURTNEY'S LTI HAS BEEN MADE AS THE PLAN WAS NOT INTRODUCED UNTIL 1 JULY 2005.

2004	Primary Benefits			Post Employment Benefits		Total
	Salary & Fees	Non Monetary^	STI	Superannuation		
James McLachlan	\$1,128,111	\$123,877	\$200,000	\$158,843	\$1,610,831	
Geoffrey Kleemann	\$745,181	\$71,811	\$300,000	\$111,777	\$1,228,769	
David Gyngell	\$446,831	\$84,929	\$450,000	\$11,002	\$992,762	
David Gardiner	\$407,000	\$64,592	\$250,000	\$39,005	\$760,597	
David Courtney	\$548,998	\$52,886	\$127,025	\$11,002	\$739,911	
Totals	\$3,276,121	\$398,098	\$1,327,025	\$331,629	\$5,332,870	

^ THERE WERE NO LTIS PAID OR ACCRUED DURING THE YEAR SAVE FOR BENEFITS UNDER THE ESP

(f) Details of Specified Directors

The Specified Directors of PBL are:

James D Packer	Executive Chairman
Kerry F B Packer	Executive Deputy Chairman
John H Alexander	Chief Executive Officer & Managing Director
Christopher J Anderson	Executive Director
Samuel H Chisholm	Executive Director
Rowen B Craigie	Executive Director
Graham A Cubbin	Non-Executive Director
Rowena Danziger	Non-Executive Director
Ashok P Jacob	Non-Executive Director
Sir Laurence Muir	Non-Executive Director
Richard W Turner	Non-Executive Director
Robert M Whyte	Non-Executive Director

The Directors held their position for the whole of the current financial year.

(g) Remuneration Structure for Specified Directors (excluding Mr Alexander and Mr Craigie)

The PBL Group's processes for determination of remuneration of the Specified Directors vary.

Each process is undertaken annually to assess the appropriateness of the nature and amount of the remuneration of Specified Directors with the objective of ensuring maximum benefit for PBL from the retention of a high quality board.

Executive Chairman and Executive Deputy Chairman

The Executive Chairman, Mr James Packer, and Executive Deputy Chairman, Mr Kerry Packer, do not receive any remuneration for their services to PBL.

Mr James Packer also acts as a director of ninemsn and is the Chairman of SEEK Limited, companies in which PBL has a significant investment. Mr Packer receives no fees from PBL for these services. SEEK Limited pays Mr Packer a fee for acting as Chairman and he reimburses PBL for the net after tax fee received by him.

Non-Executive Directors who are executives of Consolidated Press Holdings Limited

Non-Executive Directors who are executives of Consolidated Press Holdings Limited, being Mr Jacob and Mr Cubbin, do not receive remuneration from PBL.

Executive Directors who provide extra services to PBL

Mr Chisholm and Mr Anderson are Executive Directors of PBL and provide extra services to PBL.

Mr Chisholm is Executive Director, Television and is under a 2 year (commencing 9 May 2005) consulting services agreement with PBL, deriving consulting fees of \$2,000,000 plus GST per annum. He also represents PBL on the Boards of Foxtel Management Pty Ltd, Prime Television New Zealand Limited (of which he is the Chairman) and the Australian News Channel Pty Ltd (trading as Sky News). Mr Chisholm was previously a Non-Executive Director of PBL and was paid fees for services to PBL including representation on the boards noted and a Director's Fee as listed in the table at (i) on page 25.

Mr Chisholm may provide consulting services to other companies however he must obtain written approval should he wish to provide services to a competitor of Nine Network Australia. Mr Chisholm may terminate the consultancy on 90 days' notice. PBL may terminate the consultancy

on payment of 1 year's consultancy fee.

Mr Anderson is an Executive Director and represents PBL on the Boards of Foxtel Management Pty Ltd, Premier Media Group Pty Ltd (trading as Fox Sports), ninemsn, The Hoyts Corporation Pty Ltd and SEEK Limited. Mr Anderson is paid a fee of \$1,000,000 per annum for these services. Should either Mr Anderson or PBL wish to terminate Mr Anderson's arrangements, they may do so upon reasonable notice. SEEK Limited pays Mr Anderson a fee for acting as a director and he reimburses PBL for the net after tax fee received by him.

After assuming their Executive Director roles, neither Mr Chisholm nor Mr Anderson were paid Directors' Fees from PBL.

Neither Mr Chisholm nor Mr Anderson are entitled to Short Term Incentives or Long Term Incentives.

Non-Executive directors

Non-Executive Directors receive a base fee for acting as a director of PBL. A Non-Executive Director who acts on the Board of Crown Limited receives a further Director's Fee.

Non-Executive Director's fees are determined within an aggregate Non-Executive Directors' fee cap of \$1,000,000 which was approved by shareholders of PBL at the 2003 AGM.

Within the cap, the Board seeks to set remuneration of a Non-Executive Director at a level which provides PBL with the ability to attract and retain Non-Executive Directors of a high calibre, whilst incurring a cost which is acceptable to shareholders. Fees to Non-Executive Directors reflect the demands made and responsibilities of Non-Executive Directors.

Non-Executive Directors' fees are reviewed periodically by the Remuneration Committee with reference taken to the fees paid to non-executive directors of comparable companies. The Remuneration Committee is subject to the direction and control of the Board. The Committee comprises:

- Mr Kerry Packer, Chairman of the Committee and Executive Deputy Chairman of PBL, and
- Sir Laurence Muir, Non-Executive Director of PBL

The purpose of the Committee is to review and recommend to the Board the fees to be paid to Non-Executive Directors. In forming a view of the appropriate level of Board fees to be paid to Non-Executive Directors, the Committee may also elect to receive advice from independent remuneration consultants if necessary.

The Board deems it appropriate that Mr Kerry Packer, who is not an independent Director of PBL and does not receive remuneration from PBL, Chair this Committee.

Whilst the composition and responsibilities of the Committee are not entirely consistent with the requirements of the ASX Corporate Governance Council's Best Practice Recommendation 9.2, the Board considers that the existing processes in place in relation to Non-Executive Director remuneration achieve and reflect the outcomes embodied in the Best Practice Recommendation.

No performance based fees are paid to Non-Executive Directors. Non-Executive Directors are not eligible to participate in PBL's ESP. Non-Executive Directors are not provided with retirement benefits other than statutory superannuation at the rate prescribed under the Superannuation Guarantee legislation. While PBL does not have any retirement scheme for Non-Executive Directors, the Executive Chairman and Executive Deputy Chairman may consider making a payment to a retiring Non-Executive Director, and will have regard to the length of service and contribution of the retiring Non-Executive Director, and will consider the appropriateness and reasonableness of the amount in the light of payments made in companies of a size comparable to PBL.

(h) Summary of audited employment contracts for Mr Alexander and Mr Craigie

Details of contracts of employment for Mr Alexander and Mr Craigie are summarised in the following tables. Mr Craigie has entered into a new employment contract with effect from 1 July 2005, and full details are included.

JOHN ALEXANDER

Contract Components	Details	Comments
Position	Chief Executive Officer & Managing Director	See PBL's policy and objectives concerning performance based remuneration on page 12.
Term	5 years from 9 June 2004	
Fixed Remuneration		
Base salary	\$3,000,000 per annum	Termination By Mr Alexander By PBL
Superannuation	PBL contributes superannuation contributions of 9% of base salary	
Review	Annually following consideration by the Executive Chairman and the Executive Deputy Chairman with a guaranteed increase of CPI.	6 months' written notice PBL may terminate on notice by giving: (a) 12 months' notice for termination without cause; (b) 6 months' notice for termination for poor performance without an opportunity to improve provided; (c) 3 months' notice for termination for poor performance where at least 3 months' opportunity to improve provided; (d) 1 month's notice of termination for incapacity where executive absent for 16 weeks in 12 month period. Notice may be by notice in writing, paid in lieu or part notice part payment.
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.	
Other Benefits	Mobile telephone Use of motor vehicle and driver Applicable fringe benefits tax	Post Employment Restraint PBL has the option to impose a post employment restraint on Mr Alexander of up to 12 months. If PBL does so, Mr Alexander is entitled to be paid his net salary and superannuation during the period of the restraint.
Performance Based Remuneration		
Short Term Incentive	Mr Alexander is eligible for a Short Term Incentive of \$1,000,000 if the annual business plan and budget objectives are achieved. Up to a further \$1,000,000 may be paid at the discretion of the PBL Board (or its nominee or delegated committee) if PBL's performance substantially exceeds that set out in the business plan and represents an exemplary outcome.	Termination payments under the contract of employment Should Mr Alexander resign or his employment be terminated for serious misconduct or poor performance, there will be no pro rata entitlement to any Short Term Incentive. If his employment terminates due to PBL giving notice without cause, or due to death or total and permanent disablement, Mr Alexander will be eligible to be considered for a pro rata Short Term Incentive. If Mr Alexander's employment is terminated by PBL or Mr Alexander for any reason, he will receive all vested entitlements in respect of the deferred cash bonus, but will receive no pro rata amount for any part years worked. Should PBL terminate Mr Alexander's employment other than for cause or poor performance, he would receive a pro rata Short Term Incentive and all vested entitlements in respect of the deferred cash bonus.
Long Term Incentive	Mr Alexander is entitled to participate in a cash-based Long Term Incentive plan. The benefit will be the cash equivalent of the share price appreciation on 1,000,000 PBL shares provided there is periodic growth in the PBL share price of at least 7% per annum compound, measured against a base share price of \$12.52 over the 5 years from 9 June 2004. Mr Alexander cannot elect to receive the Long Term Incentive until the third, fourth and fifth anniversaries of his appointment as PBL's CEO. On those anniversaries, the Long Term Incentive which might be payable will relate to the share price appreciation over the following number of PBL shares: 9 June 2007 - 300,000 shares 9 June 2008 - 200,000 shares 9 June 2009 - 500,000 shares When an entitlement vests because the share price appreciation hurdle is met and the relevant anniversary has passed, the entitlement will not be subject to forfeiture. The ultimate benefit payable will reflect the PBL share price at the time Mr Alexander elects to crystallise his Long Term Incentive, which may be no later than 9 June 2009.	
Other		For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.

ROWEN CRAIGIE

Contract Components	Details	Termination payments	Provided that Mr Craigie complies with any restraints imposed on him:
Positions	Chief Executive Officer - Crown Chief Executive Officer - PBL Gaming 5 years from 1 July 2005	If Mr Craigie terminates his employment with PBL or PBL terminates his employment for serious misconduct, poor performance or incapacity, he will be entitled to any unpaid EBITDA Cash Bonus and to any vested NSA Cash Bonus. Thereafter, Mr Craigie will cease to be involved in the Long Term Incentive. Mr Craigie may also be paid an amount equivalent to his monthly TEC for any period during which a restraint applies.	
Term		If PBL terminates Mr Craigie's employment without cause, Mr Craigie will be entitled to any unpaid EBITDA Cash Bonus and to any vested NSA Cash Bonus.	
Fixed Remuneration		Mr Craigie may also elect to either:	
Base Salary, Superannuation and other benefits	\$1,400,000 TEC per annum	<ul style="list-style-type: none"> ■ end his participation in the LTI and receive a payment of 24 months' TEC; or ■ continue a pro-rated participation (calculated by reference to the number of completed months in the 5 year term) in the LTI 	
Review	Annually by PBL. The review process includes consideration of PBL Gaming's performance as well as that of the individual, relevant comparative remuneration in the market and if necessary, external advice on policies and practices.		
Comments	See PBL's policy and objectives concerning fixed remuneration on page 12.		
Other Benefits	Complimentary privileges at Crown and Burswood facilities. Mobile telephone	Other	For details as to standard elements of PBL Group service agreements (for instance, annual and sick leave entitlements), see page 15.
Performance Based Remuneration			
Short Term Incentive (STI)	Mr Craigie is eligible to participate in an STI administered for executives at Crown and Burswood. The STI is based on achieving KPIs related to the annual business plans and budgets for PBL Gaming. Whether any such incentive payment is made and the amount of any incentive is at PBL's discretion.	Previous Contract	
Long Term Incentive	Mr Craigie is eligible for a cash-based Long Term Incentive which comprises two elements, an EBITDA Cash Bonus and a Notional Share Appreciation (NSA) Cash Bonus.	Components	Details
Mr Craigie may earn a maximum EBITDA Cash Bonus of \$5,000,000 apportioned over the financial years 2008, 2009 and 2010. Mr Craigie's NSA Cash Bonus is calculated by reference to the share appreciation on 500,000 PBL shares measured against a base share price of \$14.87. For an NSA entitlement to accrue, PBL's share price must appreciate by at least 7% per annum compound from that base share price over the 5 years from 1 July 2005. Apart from the quantum of the EBITDA Cash Bonus and the number of PBL shares used to reference the NSA Cash Bonus, the terms, conditions, and mechanisms for entitlement to and payment of the LTI (and the EBITDA Cash Bonus and NSA Cash Bonus components) are identical to those set out in the Current Contract Summary for Mr Courtney on page 16.		Position	Chief Executive Officer - Crown Limited
		Term	5 years and 13 days from 17 June 2004
		Fixed Remuneration	Base Salary, Superannuation and Other Benefits
		Comments	\$850,000 per annum inclusive of motor vehicle and superannuation contributions reviewed annually by Crown Management. See PBL's policy and objectives concerning fixed remuneration on page 12.
		Performance Based Remuneration	
		Short Term Incentive	The Board may implement an STI at PBL's discretion.
		Comments	See PBL's policy and objectives concerning performance based remuneration on page 12.
		Termination	
		By Mr Craigie	Reasonable notice required.
		By PBL	Crown may terminate:
		(a) 12 months' notice for termination without cause;	(a) before 30 June 2009 by making a payment of 2 times annual remuneration; and
		(b) 1 month's notice for termination for poor performance where at least 3 months' opportunity to improve provided;	(b) after 30 June 2009, by giving not less than 6 months' notice of termination.
		(c) 3 months' notice of termination for incapacity where Mr Craigie was absent for 6 months in a 12 month period or if an independent medical officer advises that the executive's health had deteriorated to such a degree that the executive should leave PBL.	At a review in around 30 June 2008, Crown is required to give at least 12 months' notice of its intention not to renew the contract for at least 12 months.
		Notice may be by notice in writing, paid in lieu or part notice part payment.	Crown may terminate without notice for serious misconduct.
			This contract was superceded by entry into a further contract on 1 July 2005 (details above).
Post Employment Restraint	Various restraint periods up to 36 months. Depending on the circumstances, Mr Craigie may be entitled to an additional payment for the restraint (see Termination Payments).	Contract Superceded	

(i) Specified Directors' audited remuneration

The tables below summarise the remuneration details for each specified director for the years ended 30 June 2005 and 30 June 2004, respectively.

Directors	2005 Primary Benefits						Post Employment	Other	Total
	Directors Fees	Fees for other services	Salary	Non Monetary	Cash Incentive STI* LTI		Superannuation	Termination Benefits	
J D Packer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
K F B Packer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
J H Alexander	\$0	\$0	\$3,106,151	\$105,093	\$0	\$539,413	\$279,553	\$0	\$4,030,210
C J Anderson	\$85,000	\$834,618	\$0	\$915	\$0	\$0	\$82,766	\$0	\$1,003,299
S H Chisholm	\$85,000	\$831,662	\$0	\$0	\$0	\$0	\$11,585	\$0	\$928,247
R B Craigie ~	\$0	\$0	\$1,354,350	\$249,691	\$0	\$0	\$11,585	\$0	\$1,615,626
G A Cubbin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R Danziger	\$145,000 ^{>}	\$0	\$0	\$0	\$0	\$0	\$13,050	\$0	\$158,050
A P Jacob	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
L M Muir	\$145,000 ^{>}	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$145,000
R W Turner	\$145,000 ^{>}	\$0	\$0	\$0	\$0	\$0	\$13,050	\$0	\$158,050
R M Whyte	\$85,000	\$0	\$0	\$0	\$0	\$0	\$7,650	\$0	\$92,650
Totals	\$690,000	\$1,666,280	\$4,460,501	\$355,699	\$0	\$539,413	\$419,239	\$0	\$8,131,132

* SOME STIS FOR THE 2005 FINANCIAL YEAR HAVE NOT YET BEEN FINALISED AT THE TIME OF PREPARING THIS REPORT. HOWEVER, IN ANTICIPATION OF SUCH INCENTIVES BEING PAID, A GENERAL CHARGE (NOT SPECIFIC TO SPECIFIED DIRECTORS ENTITLED TO PARTICIPATE) HAS BEEN MADE AGAINST THE 2005 ACCOUNTS. ANY 2005 INCENTIVES SUBSEQUENTLY PAID AND NOT DISCLOSED IN THE 2005 FINANCIAL STATEMENTS, WILL BE DISCLOSED IN THE 2006 FINANCIAL STATEMENTS.

> COMPRISES OF \$85,000 PBL DIRECTORS FEES AND \$60,000 CROWN LTD DIRECTORS FEES.

~ NO VALUATION OF MR CRAIGIE'S LTI HAS BEEN MADE AS HIS ENTITLEMENT WAS NOT INTRODUCED UNTIL 1 JULY 2005.

Directors	2004 Primary Benefits						Post Employment	Other	Total
	Directors Fees	Fees for other services	Salary & fees	Non Monetary	Cash Incentive STI LTI		Superannuation	Termination Benefits	
J D Packer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
K F B Packer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
J H Alexander	\$0	\$0	\$1,324,650	\$162,222	\$2,000,000	\$0	\$129,153	\$0	\$3,616,025
C J Anderson	\$0	\$5,194	\$0	\$0	\$0	\$0	\$467	\$0	\$5,661
R B Craigie	\$0	\$0	\$880,950	\$182,232	\$400,000	\$0	\$11,002	\$0	\$1,474,184
G A Cubbin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
R Danziger	\$126,774 ^{>}	\$0	\$0	\$0	\$0	\$0	\$11,410	\$0	\$138,184
A P Jacob	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
L M Muir	\$126,774 ^{>}	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$126,774
R W Turner	\$126,774 ^{>}	\$0	\$0	\$0	\$0	\$0	\$11,410	\$0	\$138,184
R M Whyte	\$85,000	\$0	\$0	\$0	\$0	\$0	\$7,650	\$0	\$92,650
P W Yates	\$0	\$0	\$2,760,288 [^]	\$1,237,426 [#]	\$0	\$0	\$11,002	\$6,541,292 [~]	\$10,550,008
Totals	\$465,322	\$5,194	\$4,965,890	\$1,581,880	\$2,400,000	\$0	\$182,094	\$6,541,292	\$16,141,670

[^] THIS AMOUNT INCLUDES ANNUAL LEAVE AND LONG SERVICE LEAVE ENTITLEMENTS PAID ON CESSATION OF EMPLOYMENT.

[#] THIS AMOUNT RELATES TO AN INTEREST FREE HOUSING LOAN MADE TO MR YATES AS PART OF HIS SERVICE AGREEMENT WITH PBL, AS WELL AS THE DIFFERENCE BETWEEN PBL'S AVERAGE COST OF GROSS BORROWINGS FOR THE YEAR ENDED 30 JUNE 2004 AND THE INTEREST CHARGED ON A LOAN TO MR YATES TO ACQUIRE PBL SHARES ISSUED UNDER PBL'S EPS.

[~] THIS AMOUNT WAS PAID TO MR YATES ON CESSATION OF EMPLOYMENT AND WAS IN ACCORDANCE WITH THE TERMS OF HIS SERVICE AGREEMENT WITH PBL. THE CALCULATION WAS BASED ON THE REMAINING PERIOD OF THAT SERVICE AGREEMENT.

> INCLUDES DIRECTORS' FEES FOR SERVING ON THE BOARDS OF PBL AND CROWN LIMITED.

Directors' Statutory Report

DIRECTORS

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

Name	Date Appointed	Latest Possible Date for Re-election
James Douglas Packer	28 April, 1992	2007 AGM
Kerry Francis Bullmore Packer	19 July, 1990	2007 AGM
John Henry Alexander	16 December, 1999	Managing Director – Not Applicable
Christopher John Anderson	9 June, 2004	2007 AGM
Samuel Hewlings Chisholm	1 September, 2004	2007 AGM
Rowen Bruce Craigie	9 January, 2002	2007 AGM
Graham Allan Cubbin	30 September, 1991	2006 AGM
Rowena Danziger	17 September, 1997	2005 AGM
Ashok Peter Jacob	9 November, 1998	2005 AGM
Laurence Macdonald Muir	23 January, 1995	2006 AGM
Richard Wallace Turner	9 November, 1998	2006 AGM
Robert Michael Whyte	17 September, 1997	2005 AGM

DIRECTORS' PROFILES

The directors of PBL in office during the financial year and until the date of this report are detailed below.

JAMES D PACKER (Age 38)

Executive Chairman

Mr Packer has been Executive Chairman of PBL since May 1998 and prior to that was the Chief Executive Officer from March 1996 to May 1998.

Mr Packer is the Joint Chief Executive Officer of Consolidated Press Holdings Limited and a director of various companies including Challenger Financial Services Group Limited, Qantas Limited and is the Chairman of SEEK Limited.

Listed company directorships held during past three financial years:

- Qantas Airways Limited : from 1 March 2004 to current
- Challenger Financial Services Group Limited : from 6 November 2003 to current
- SEEK Limited : from 31 October 2003 to current
- ecorp Limited*: from 9 March 1994 to current
- Crown Limited**: from 22 July 1999 to current

KERRY F B PACKER AC (Age 67)

Executive Deputy Chairman

Mr Packer was appointed Deputy Chairman of PBL in June 2004. He is also Chairman of Consolidated Press Holdings (CPH), PBL's founding and largest shareholder. Mr Packer commenced his career with CPH immediately after completing his formal education, gaining experience across the full range of the Company's publishing activities. He studied television in the United States following the commencement of transmission by TCN 9 in 1956. Mr Packer became Chairman of CPH in 1974, and was Chairman of PBL from 1990 to early 1993 and again from late 1994 to 1996.

Mr Packer is Chairman of PBL's Investment Committee and Remuneration Committee. He is also a director of Crown Limited.

Listed company directorships held during past three financial years:

- Crown Limited**: from 22 July 1999 to current

JOHN H ALEXANDER BA (Age 54)

Chief Executive Officer & Managing Director

Mr Alexander was promoted to the role of CEO and Managing Director of PBL in June 2004. He is also CEO of ACP Magazines and a director of Crown Limited. Mr Alexander joined the Magazine Division of PBL as Group Publisher in 1998 and was appointed CEO of that Division in March 1999. In January 2002, he was appointed CEO of PBL Media, a role which straddled PBL's Television and Magazine Divisions. Prior to joining the PBL Group, Mr

Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald, and Editor-in-Chief of The Australian Financial Review.

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

Listed company directorships held during past three financial years:

- Crown Limited*: from 17 August 2004 to current

CHRISTOPHER J ANDERSON BEc (Age 60)

Executive Director

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

Mr Anderson is a director of SEEK Limited, Foxtel Management Pty Limited, Premier Media Group Pty Limited, ninemsn Pty Limited, The Hoyts Corporation Pty Limited and is a member of the ABN AMRO Advisory Council. He was formerly a Director of Austrade.

Listed company directorships held during past three financial years:

- SEEK Limited : from 25 November 2004 to current.

SAMUEL H CHISHOLM (Age 65)

Executive Director

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

Mr Chisholm was formerly a director of Telstra Corporation Limited and was appointed a director to the PBL Board in September 2004. Mr Chisholm is also a director of various Nine Network subsidiaries.

Listed company directorships held during past three financial years:

- Macquarie Radio Network Limited : from 1 November 2002 to 21 July 2004
- Telstra Corporation Limited : from 11 November 2000 to 28 October 2004
- Two Way TV Australia Limited : from 26 January 1999 to 10 November 2004

ROWEN B CRAIGIE BEc (Hon) (Age 50)**Chief Executive Officer, PBL Gaming & Chief Executive Officer, Crown**

Mr Craigie was appointed Chief Executive Officer of Crown in January 2002 and subsequently joined the PBL Board. He is also the head of PBL Gaming which oversees all of the Company's Australian and international gaming operations. He is also a director of Crown Limited and Burswood Limited.

Mr Craigie was part of the original team which joined Crown Limited in 1993 and was appointed Crown's Executive General Manager, Gaming Machines in 1996, and Chief Operating Officer, Casino in 2000. Prior to joining Crown, Mr Craigie was Group General Manager, Gaming at the TAB in Victoria and had held senior economic policy positions in Treasury and Department of Industry.

Listed company directorships held during past three financial years:

- Crown Limited**: from 9 January 2002 to current

GRAHAM A CUBBIN BEc (Hons) (Age 57)**Non-independent, Non-Executive Director**

Mr Cubbin retired as Chief Operating Officer of the Consolidated Press Holdings Limited Group in August 2005. From 1991 to mid 2004, Mr Cubbin was the Finance Director of the CPH Group. Prior to joining CPH, he held senior finance positions with a number of leading companies in Australia including Capita Finance Group Ltd and Ford Motor Company.

Mr Cubbin is a member of PBL's Finance, Audit and Risk Management, Corporate Governance and the Occupational Health & Safety Committees. He is also a director of Challenger Financial Services Group Limited.

Listed company directorships held during past three financial years:

- Challenger Financial Services Group Limited : from 1 January 2004 to current.

ROWENA DANZIGER BA, DipEd (Old), MACE (Age 67)**Independent, Non-Executive Director**

Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. She was the Headmistress at Ascham School in Sydney from 1973 to 2003. She is currently a director of Opera Australia and a board member of Sydney Writers' Festival and Chairperson of The Foundation of the Art Gallery of NSW.

Mrs Danziger is Chairperson of the PBL Occupational Health & Safety Committee and a member of PBL's Finance and Audit and Risk Management Committees. She is also a Director of Crown Limited and a member of Crown's Audit Committee.

Listed company directorships held during past three financial years:

- Crown Limited**: 21 October 2003 to current

ASHOK P JACOB MBA (Age 44)**Non-independent, Non-Executive Director**

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

Mr Jacob is a member of PBL's Investment Committee.

Listed company directorships held during past three financial years:

- Challenger Financial Services Group Limited : from 6 November 2003 to current
- ecorp Limited*: from 30 April 1999 to current
- Crown Limited**: from 22 July 1999 to current

SIR LAURENCE MUIR VRD, LLB, FSIA, FAIM (Age 80)**Independent, Non-Executive Director**

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

Sir Laurence is a Director of Focus Publishing Pty Ltd and Patron of the Baker Medical Research Institute, the Micro-surgery Research Institute and the Earthwatch Institute. Sir Laurence has served on the boards of various companies including ANZ Banking Group Ltd, Australian Consolidated Press Ltd, Alcoa Australia Ltd, Templeton Global Growth Fund Ltd, Wormald International, National Commercial Union and The Herald and Weekly Times.

Sir Laurence is a member of PBL's Remuneration Committee. He is a director of Crown Limited and a member of Crown's Compliance Committee.

Listed company directorships held during past three financial years:

- State Development Fund Limited : from 30 July 2002 to 30 June 2005
- Crown Limited**: from 21 October 2003 to current

RICHARD W TURNER AM, BEc, FCA (Age 67)**Independent, Non-Executive Director**

Before his retirement in 1994, Mr Turner had been the Chief Executive Officer of Ernst & Young, having had a successful 36 year career as an audit partner. Mr Turner is a Fellow of the Institute of Chartered Accountants in Australia. He is Chairman of Capital Finance Australia Limited, a Director of HBOS Australia Limited and Mirvac Ltd and its Group Companies. He was past President and director of The Smith Family and past Chairman and a current director of the Institute of Pain Management Limited.

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

Listed company directorships held during past three financial years:

- Crown Limited**: from 21 October 2003 to current

ROBERT M WHYTE BEc (Age 61)**Independent, Non-Executive Director**

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

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

SECRETARIES**GUY JALLAND** LLB

Mr Jalland was appointed Group General Counsel of PBL in November 2004 and took on the additional role of Company Secretary of PBL in August 2005. Previously, Mr Jalland was a senior executive with CPH for 6 years. Prior to joining CPH, he was a partner in a Melbourne law firm and a senior executive with Village Roadshow Limited.

STEPHEN J WRIGHT BCOM, CPA, FCIS

Mr Wright was Company Secretary of PBL since December 1991. He resigned from PBL on 10 August 2005. Mr Wright is a Certified Practising Accountant.

ROBERT B DAVIS BBUS, FCPA, FCIS

Mr Davis was appointed a Company Secretary in 1990 of PBL (and its associated predecessor listed entities) following CPH regaining control from Bond Media. Mr Davis is the Group Company Secretary for CPH commencing with the company in 1984.

* ECORP LIMITED WAS LISTED ON THE AUSTRALIAN STOCK EXCHANGE FROM JUNE 1999 TO APRIL 2003.

** CROWN LIMITED ("CROWN") WAS CLASSIFIED AS A LISTED COMPANY WHILE IT HAD A SERIES OF UNSECURED NOTES (ASX CODE: CROHB) QUOTED ON THE ASX. THESE NOTES WERE REDEEMED ON 15 AUGUST 2005 AND CROWN WAS REMOVED FROM ASX'S OFFICIAL LIST FROM THE CLOSE OF TRADING ON 2 SEPTEMBER 2005.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

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

	Ordinary Shares
James D Packer	73,000
Kerry F B Packer	258,709,250
John H Alexander	512,500
Christopher J Anderson	15,194
Graham A Cubbin	9,859
Rowena Danziger	22,876
Sir Laurence Muir	11,126
Richard W Turner	20,000
Robert M Whyte	200,000

PRINCIPAL ACTIVITIES

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

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

TRADING RESULTS

The consolidated net profit of the consolidated entity for the financial year after income tax and outside equity interest was \$480,128,000 (2004 - \$668,156,000).

DIVIDENDS

The directors of PBL have declared a final fully franked dividend of 25 cents per ordinary share to holders registered as at 30 September 2005 ("Record Date").

	\$'000
Final Dividends Declared:	
■ on ordinary shares	168,265
Dividends paid in the year:	
Interim for the year	
■ on ordinary shares	181,727
Final dividends for 2004:	
■ on ordinary shares	185,339

OPERATING AND FINANCIAL REVIEW

The Review of Operations for the financial year ended 30 June 2005 is detailed in the PBL Concise Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year:

- PBL paid \$543 million during the financial year to acquire 100% of Burswood Limited.

- The Company entered into an agreement with Melco International Development to form a 50/50 joint venture gaming company based in Hong Kong. PBL has contributed \$208 million to the venture during the reporting period.
- PBL acquired 50% of the Hoyts Cinemas Group from Consolidated Press Holdings (CPH), a company controlled by Mr KFB Packer and a substantial shareholder of PBL. The purchase price of \$173.5 million was satisfied by PBL issuing 11.1 million shares to CPH.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

In August 2005, PBL redeemed the \$200 million Crown unsecured notes (series 2) issued by its subsidiary Crown Limited. The financial effect of this event has not been recognised.

There has been no other matter or circumstance arising since 30 June 2005 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

SHARE OPTIONS

PBL has not issued any share options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

DIRECTORS' AND SENIOR EXECUTIVE OFFICERS' REMUNERATION

Details of Directors' and Senior Executive Remuneration are included in the Remuneration Report on pages 11 to 25.

DIRECTORS' MEETINGS

Particulars of directors' meetings held during the year are on page 29.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided, during the year, by the auditor are outlined in note 26 on page 57.

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

DIRECTORS' MEETINGS

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

	Directors' Meetings		Finance Committee Meetings [^]		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Investment Committee Meetings		OH&S Committee Meetings		Corporate Governance Committee Meetings	
	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend
J D Packer	8	8							1	1				
K F B Packer	8	8					-	-	1	1				
J H Alexander	8	8									4	4		
C J Anderson	8	8												
S H Chisholm#	7	7												
R B Craigie	8	8												
G A Cubbin	8	8	-	-	3	3					4	3	1	1
R Danziger	8	8	-	-	3	3					4	4		
A P Jacob	8	8							1	1				
L M Muir	8	8					-	-						
R W Turner	8	7	-	-	3	3							1	1
R M Whyte	8	7											1	-

MR S CHISHOLM WAS APPOINTED TO THE BOARD OF DIRECTORS ON 1 SEPTEMBER 2004.

[^] THE FINANCE COMMITTEE DID NOT HAVE ANY MEETINGS DURING THE FINANCIAL YEAR BUT DEALT WITH VARIOUS MATTERS BY WAY OF CIRCULAR RESOLUTIONS.

Crown Limited has a Board of Directors comprising Mr James Packer (Chairman), Mr Kevan Gosper (Deputy Chairman), Mr Rowen Craigie, Mr John Alexander (appointed 17 August 2004), Mrs Rowena Danziger, Mr Ashok Jacob, Mr Geoffrey Kleemann, Mr Kerry Packer, Sir Laurence Muir and, Mr Richard Turner. Certain members of the Crown Board meet monthly with senior management of Crown to review its operations.

Similarly, Burswood Limited has a Board of Directors comprising Mr James Packer (Chairman), Mr Rowen Craigie, Mr David Courtney, Mr Geoffrey Kleemann, Mr John Poynton and Mr Andrew Roberts. The Burswood Board meets quarterly and certain members of the Board meet with senior management of Burswood periodically to review its operations.

ROUNDING

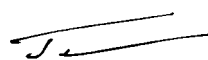
The amounts contained in the financial statements have been rounded off to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



J.D. PACKER

Director



J.H. ALEXANDER

Director

Sydney, 20th day of September, 2005

Auditor's Independence Declaration to the Directors

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PUBLISHING AND BROADCASTING LIMITED

In relation to our audit of the financial report of Publishing and Broadcasting Limited for the year ended 30 June 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

Sydney, 20th day of September, 2005

Independent Audit Report

TO THE MEMBERS OF PUBLISHING AND BROADCASTING LIMITED

SCOPE

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying notes to the financial statements, and directors' declaration for Publishing and Broadcasting Limited (the Company) and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the Company and the entities it controlled during the year.

The Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by AASB 1046 *Director and Executive Disclosures by Disclosing Entities*, under the heading "remuneration report" on pages 11 to 25 and designated as audited, as permitted by the *Corporations Regulations 2001*.

The directors of the Company are responsible for preparing a financial report that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained on pages 11 to 25.

AUDIT APPROACH

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.

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

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

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

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

INDEPENDENCE

We are independent of the Company and the consolidated entity 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 Director's Report.

AUDIT OPINION

In our opinion:

1. the financial report of Publishing and Broadcasting Limited is in accordance with:
 - (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Publishing and Broadcasting Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) other mandatory financial reporting requirements in Australia.
2. the remuneration disclosures that are contained on pages 11 to 25 and designated as audited comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.



ERNST & YOUNG



SJ FERGUSON

Partner

Sydney, 20th day of September, 2005

Directors' Declaration

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

- [1] In the opinion of the directors:
- (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

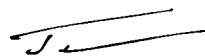
[2] This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2005.

[3] In the opinion of the directors, at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



J. D. PACKER
Director



J.H. ALEXANDER
Director
Sydney, 20th day of September, 2005

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenues from ordinary activities	2	3,515,604	3,169,549	333,281	275,808
Expenses from ordinary activities	3	(2,763,875)	(2,208,333)	(4,412)	(40,160)
Borrowing costs	3	(196,952)	(162,222)	(299,657)	(229,086)
Share of net profits of associate and joint venture entities	9	17,835	7,404	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		572,612	806,398	29,212	6,562
Income tax [expense]/benefit on ordinary activities	5	(83,103)	(128,981)	69,336	56,525
NET PROFIT		489,509	677,417	98,548	63,087
Net profit attributable to outside equity interests	19	9,381	9,261	-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF PBL		480,128	668,156	98,548	63,087
Net exchange difference on translation of financial statements of foreign controlled entities		(11,993)	3,214	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF PBL		468,135	671,370	98,548	63,087
		2005	2004		
Basic earnings per share (cents per share) ⁽¹⁾	27	72.17	100.94		
Diluted earnings per share (cents per share) ⁽¹⁾	27	72.17	100.94		
Franked dividends per share (cents per share)	4	52.00	43.00		

⁽¹⁾ BASIC/DILUTED EPS IN THE CURRENT PERIOD IS 77.34 CENTS EXCLUDING THE EFFECT OF SPECIFIC ITEMS – REFER NOTE 3 (C) (2004: 73.12)

Statement of Financial Position

AT 30 JUNE 2005

	Note	CONSOLIDATED		PARENT ENTITY	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
CURRENT ASSETS					
Cash assets	21(a)	1,232,638	1,276,705	1,833	1,771
Receivables	6	436,773	455,736	1,080	47,775
Inventories	7	122,002	158,026	-	-
Current tax assets	5	-	-	-	4
Other	8	45,025	37,327	-	-
TOTAL CURRENT ASSETS		1,836,438	1,927,794	2,913	49,550
NON-CURRENT ASSETS					
Receivables	6	31,897	62,527	9,463,338	7,167,132
Inventories	7	41,527	41,134	-	-
Investments accounted for using the equity method	9	729,506	316,245	-	-
Other financial assets	10	276,410	363,748	2,930,723	2,985,417
Property, plant and equipment	11	1,909,958	1,419,420	-	-
Licences and mastheads	12	3,315,084	2,916,956	-	-
Intangible assets	13	294,092	283,108	-	-
Deferred tax assets	5	179,453	121,381	141,696	104,071
Other	8	84,687	89,229	-	-
TOTAL NON-CURRENT ASSETS		6,862,614	5,613,748	12,535,757	10,256,620
TOTAL ASSETS		8,699,052	7,541,542	12,538,670	10,306,170
CURRENT LIABILITIES					
Payables	14	677,119	581,497	2,519	2,134
Interest-bearing liabilities	15	524,040	614,741	-	-
Current tax liabilities	5	38,290	49,782	17,155	-
Provisions	16	134,596	76,947	24	25
TOTAL CURRENT LIABILITIES		1,374,045	1,322,967	19,698	2,159
NON-CURRENT LIABILITIES					
Payables	14	91,133	87,198	-	-
Interest-bearing liabilities	15	2,452,635	1,728,708	6,614,746	4,377,513
Deferred tax liabilities	5	207,227	151,725	187,751	115,018
Provisions	16	76,952	29,552	10,865	10,865
TOTAL NON-CURRENT LIABILITIES		2,827,947	1,997,183	6,813,362	4,503,396
TOTAL LIABILITIES		4,201,992	3,320,150	6,833,060	4,505,555
NET ASSETS		4,497,060	4,221,392	5,705,610	5,800,615
EQUITY					
Parent entity interest					
Contributed equity	17	2,356,351	2,182,838	2,356,346	2,182,833
Reserves	18	430,333	442,326	-	-
Retained profits	18	1,706,508	1,593,446	3,349,264	3,617,782
TOTAL PARENT ENTITY INTEREST IN EQUITY		4,493,192	4,218,610	5,705,610	5,800,615
Total outside equity interest	19	3,868	2,782	-	-
TOTAL EQUITY		4,497,060	4,221,392	5,705,610	5,800,615

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	Note	CONSOLIDATED		PARENT ENTITY	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		3,498,261	2,955,785	85,792	42,298
Payments to suppliers and employees		(2,288,957)	(1,905,143)	(93)	(92)
Dividends received		25,232	5,706	-	-
Interest received		69,562	50,141	2,596	2,637
Borrowing costs		(186,302)	(163,492)	(23,153)	(21,438)
Income tax paid		(109,899)	(108,000)	(20,630)	(6,832)
Gaming tax paid		(228,902)	(162,086)	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	778,995	672,911	45,512	16,573
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(119,454)	(117,326)	-	-
Proceeds from sale of property, plant and equipment		817	21,463	-	-
Purchase of equity investments		(281,101)	(111,419)	-	-
Payment for the acquisition of controlled entities		(543,082)	-	-	-
Net proceeds from sale of equity investments		103,507	7,689	78	594
Proceeds from equity investment distributions		-	185,959	-	-
Acquisition of film & television investments		(25,052)	(17,684)	-	-
Recovery from film & television investments		9,491	15,263	-	-
Loans repaid by associated entities		-	18,000	-	-
Purchase of mastheads		(12,985)	(648)	-	-
Other (net)		(7,394)	(11)	-	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(875,253)	1,286	78	594
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,233,142	5,000	322,495	174,461
Repayment of borrowings		(804,959)	(44,648)	-	-
Dividends paid		(367,490)	(191,703)	(367,023)	(191,703)
Dividends/distributions paid to outside equity interests		(8,502)	(3,441)	-	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		52,191	(234,792)	(44,528)	(17,242)
NET INCREASE/(DECREASE) IN CASH HELD					
Add opening cash brought forward		1,276,705	837,300	1,771	1,846
CLOSING CASH CARRIED FORWARD	21	1,232,638	1,276,705	1,833	1,771

1. Summary of Significant Accounting Policies

a) Basis of Accounting

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

b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

c) Principles of Consolidation

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

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

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

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

d) Foreign Currencies

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

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

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

Assets and liabilities of self-sustaining overseas controlled entities and branches are translated using the current rate method and any exchange

variance is taken directly to a foreign currency translation reserve.

e) Taxes

INCOME TAXES

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

GOODS AND SERVICES TAX (GST)

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

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

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

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

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

f) Cash and Cash Equivalents

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

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

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

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

g) Receivables

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

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

1. Summary of Significant Accounting Policies (continued)

h) Inventories and Program Rights

INVENTORIES

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

PROGRAM RIGHTS

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

i) Investments

Investments in listed shares are carried at the lower of cost and recoverable amount. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount.

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

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

j) Property, Plant and Equipment

COST AND VALUATION

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

DEPRECIATION AND AMORTISATION

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

	2005	2004
Freehold buildings	40 to 75 years	40 to 75 years
Leasehold improvements	lease term	lease term
Plant and equipment	2 to 15 years	2 to 15 years

k) Leases

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

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

in the lease and charged directly in net profit.

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

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

l) Licences and Mastheads

Licences and mastheads are carried at cost.

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

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

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

The casino licence 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.

m) Intangibles

GOODWILL

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

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

MANAGEMENT AGREEMENT

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

VENUE TICKETING RIGHTS

Venue ticketing rights are carried at cost and are amortised over the life of the contracts, being three to ten years.

n) Other Assets

PREPAYMENTS

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

DEVELOPMENT COSTS

Development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where such costs are deferred, they are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each reporting date to determine the amount, if any, that is no longer recoverable and any amount identified is written off.

o) Payables

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

p) Interest-Bearing Liabilities

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

Unsecured notes are recognised at their market value.

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

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

Other loans are carried at the principal amount.

q) Employee Benefits

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

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

Employee benefit expenses arising in respect of the following categories:

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

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

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

r) Provisions

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

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

s) Contributed Equity

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

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

t) Recoverable Amount

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

u) Revenue Recognition

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

SALE OF GOODS

Control of the goods has passed to the buyer.

RENDERING OF SERVICES

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

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

INTEREST

Control of the right to receive the interest payment.

DIVIDENDS

Control of the right to receive the dividend payment.

v) Derivative Financial Instruments

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

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

w) Earnings Per Share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. Revenue from Ordinary Activities

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
REVENUES FROM OPERATING ACTIVITIES				
■ Revenue from services	2,724,331	2,348,506	-	-
■ Revenue from sale of goods	596,312	525,573	-	-
TOTAL REVENUES FROM OPERATING ACTIVITIES	3,320,643	2,874,079	-	-
REVENUES FROM NON-OPERATING ACTIVITIES				
Interest received				
■ Controlled entities	-	-	60,748	62,708
■ Other	73,583	56,592	1,617	3,141
	73,583	56,592	62,365	65,849
Proceeds from sale of non-current assets	104,679	29,511	-	-
Dividends received				
■ Controlled entities	-	-	266,831	195,000
■ Other	9,471	189,165	-	-
	9,471	189,165	266,831	195,000
Other operating revenue	7,228	20,202	4,085	14,959
TOTAL REVENUES FROM NON-OPERATING ACTIVITIES	194,961	295,470	333,281	275,808
TOTAL REVENUES FROM ORDINARY ACTIVITIES	3,515,604	3,169,549	333,281	275,808

3. Expenses and Losses/(Gains)

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
(A) EXPENSES FROM ORDINARY ACTIVITIES				
Cost of goods sold	535,855	485,566	-	-
Television activities	652,783	608,047	-	-
Publishing activities	119,928	103,269	-	-
Gaming activities	1,145,296	867,502	-	-
Other ordinary activities	132,412	135,956	4,412	40,160
	2,586,274	2,200,340	4,412	40,160
DEPRECIATION OF NON-CURRENT ASSETS				
■ Buildings	36,414	25,831	-	-
■ Plant and equipment	86,668	74,739	-	-
TOTAL DEPRECIATION OF NON-CURRENT ASSETS	123,082	100,570	-	-
AMORTISATION OF NON-CURRENT ASSETS				
■ Goodwill	2,893	2,893	-	-
■ Licence fee and management agreement	15,652	15,671	-	-
■ Ticketing rights	2,220	2,240	-	-
■ Plant and equipment under finance lease	3,164	3,046	-	-
■ Leasehold property	1,737	1,834	-	-
■ Other assets	7,011	3,805	-	-
TOTAL AMORTISATION OF NON-CURRENT ASSETS	32,677	29,489	-	-
TOTAL DEPRECIATION AND AMORTISATION EXPENSE*	155,759	130,059	-	-
BORROWING COSTS EXPENSED				
■ Debt facilities	196,545	161,538	23,153	21,530
■ Controlled entities	-	-	276,504	207,556
■ Finance leases	407	684	-	-
TOTAL BORROWING COSTS EXPENSED	196,952	162,222	299,657	229,086
Bad and doubtful debts – trade debtors*	(2,417)	12,382	-	-
Rentals – operating leases*	32,103	38,975	-	-
* INCLUDED IN EXPENSES FROM ORDINARY ACTIVITIES OF \$2,586,274,000 (2004: \$2,200,340,000)				
(B) LOSSES/(GAINS)				
Net (profit)/loss on disposal of property, plant and equipment	42	(1,490)	-	-
Net foreign currency (gains)/losses	(3,526)	(592)	(34,089)	(14,897)
(C) SPECIFIC ITEMS				
Profit/(loss) from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:				
■ Investment distributions	-	(185,959)	-	-
■ Net (profit) on disposal of investments	(68,600) ^o	(7,022) ^o	-	-
■ Restructuring costs	31,384	6,967	-	-
■ Program costs written down	113,727	-	-	-
TOTAL SPECIFIC ITEMS FROM ORDINARY ACTIVITIES*	76,511	(186,014)	-	-

^o THIS SPECIFIC ITEM COMPRISES PROCEEDS OF \$102,845,000 AND COST OF ASSETS SOLD OF \$34,245,000 (2004: \$8,048,000 AND COST OF ASSETS SOLD OF \$1,026,000).

* TOTAL EXPENSE INCLUDED IN SPECIFIC ITEMS IS \$179,356,000 (2004 - \$7,993,000) FOR THE CONSOLIDATED ENTITIES.

4. Dividends Provided for or Paid

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
DIVIDENDS PAID DURING THE YEAR				
Current year interim (paid 15 April 2005)				
■ Fully franked dividends (27c per share) (2004: 15c)	<u>181,727</u>	<u>99,274</u>	<u>181,727</u>	<u>99,274</u>
PREVIOUS YEAR FINAL				
(paid 15 October 2004)				
■ Fully franked dividends (28c per share) (2003: 14c)	<u>185,339</u>	<u>92,491</u>	<u>185,339</u>	<u>92,491</u>
DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY				
(expected to be paid 14 October 2005)				
■ Fully franked dividends (25c per share) (2004: 28c)	<u>168,265</u>	<u>185,339</u>	<u>168,265</u>	<u>185,339</u>
FRANKING CREDIT BALANCE				
The tax rate at which the final dividend will be franked is 30% (2004 - 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2005.				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance at the end of the financial year at 30% (2004: 30%)	<u>16,522</u>	52,651	<u>12,801</u>	34,927
Franking credits/(debits) that will arise from the payment/(refund) of income taxes payable/(receivable) at the end of the financial year	<u>38,290</u>	49,782	<u>17,155</u>	(4)
Franking debits that will arise from the payment of dividends at the end of the financial year	<u>(72,114)</u>	(79,431)	<u>(72,114)</u>	(79,431)
	<u>(17,302)</u>	<u>23,002</u>	<u>(42,158)</u>	<u>(44,508)</u>

5. Income Tax

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
The prima facie tax, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows:				
Profit from ordinary activities before income tax	572,612	806,398	29,212	6,962
Prima facie tax on the operating profit @ 30% (2004 - 30%)	171,784	241,919	8,764	2,089
Tax effect of permanent differences:				
Rebatable dividends	(8,747)	(938)	(80,049)	(58,500)
Non deductible depreciation and amortisation	8,330	6,546	-	-
Net capital (gain)	(19,120)	(57,895)	-	-
Share of associates' net (profits)	(5,350)	(2,221)	-	-
Deferred tax adjustment	-	5,142	-	-
Difference arising on repayment of group loans	(26,672)	-	-	-
Tax losses previously not recognised now brought to account	(5,132)	(5,257)	-	-
Difference in tax and accounting asset base	-	(45,098)	-	-
Other items – net	2,521	(2,053)	-	(120)
Provision released as no longer required	(43,165)	-	-	-
Income tax (over)/under provided in prior years	8,654	(11,164)	1,949	6
INCOME TAX EXPENSE/(BENEFIT) ATTRIBUTABLE TO ORDINARY ACTIVITIES	83,103	128,981	(69,336)	(56,525)

DEFERRED TAX ASSETS AND LIABILITIES

Current tax receivable	-	-	-	4
Current tax payable	38,290	49,782	17,155	-
Provision for deferred income tax – non-current	207,227	151,725	187,751	115,018
Future income tax benefit – non-current	179,453	121,381	141,696	104,071

INCOME TAX LOSSES

Potential future income tax benefits attributable to income tax losses carried forward by controlled entities amounting to \$50.9 million (2004 - \$94.6 million) and capital losses of approximately \$145 million (2004 - approximately \$146 million) have not been brought to account in the consolidated accounts at 30 June 2005 because the directors do not believe realisation of the future income tax benefit is virtually certain.

These benefits will only be obtained if:

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

TAX CONSOLIDATIONS

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

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

The head company of the consolidated group is PBL.

6. Receivables

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Trade debtors	434,060	422,426	-	-
Provision for doubtful debts	(79,482)	(79,718)	-	-
	354,578	342,708	-	-
Loans to associated entities	1,619	690	-	-
Loans to directors	-	4,159	-	4,159
Hedge receivable	55,844	47,245	-	-
Other debtors	24,732	60,934	1,080	43,616
	82,195	113,028	1,080	47,775
	436,773	455,736	1,080	47,775
NON CURRENT				
Loans to associated entities	14,243	-	-	-
Loans to directors	-	2,670	-	2,670
Loans to controlled entities	-	-	9,462,150	7,119,887
Other debtors	20,659	59,857	1,188	44,575
Provision for doubtful debts	(3,005)	-	-	-
	31,897	62,527	9,463,338	7,167,132

7. Inventories and Program Rights

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Program rights	59,785	118,335	-	-
Raw materials	22,259	12,489	-	-
Finished goods	11,040	9,980	-	-
Work in progress	28,918	17,222	-	-
	122,002	158,026	-	-
NON CURRENT				
Program rights	41,527	41,134	-	-
Total inventories and program rights	163,529	199,160	-	-

8. Other Assets

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Prepayments	44,770	33,330	-	-
Other	255	3,997	-	-
	45,025	37,327	-	-
NON CURRENT				
Prepaid casino tax, at cost	100,800	100,800	-	-
Accumulated amortisation	(21,490)	(18,755)	-	-
	79,310	82,045	-	-
Development costs	4,839	6,646	-	-
Other	538	538	-	-
	84,687	89,229	-	-

9. Investments Accounted for using the Equity Method

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
NON CURRENT				
Investments at equity accounted amount:				
Associated entities – Unlisted shares	678,527	310,088	-	-
Associated entities – Listed shares	50,979	6,157	-	-
Total investments in associates	729,506	316,245	-	-

Investments in associates	Balance Date	Principal Activity	% INTEREST	
			2005	2004
Melco/PBL Joint Venture	31 Dec	Resort/Casino and gaming machine operator	50.0	0.0
Hoyts Cinemas Group	30 June	Film Exhibition, Distribution & Advertising	50.0	0.0
Sky Cable Pty Ltd	30 June	Investment in Pay TV	50.0	50.0
Premier Media Group	30 June	Pay TV sport service	50.0	50.0
ACP-NatMags Joint Venture	31 Dec	Magazine Publishing	50.0	0.0
SEEK Ltd	30 June	Online job search service	25.0	25.0
ninemsn Pty Ltd	30 June	Provider of online content and services	50.0	50.0
Television and Media Services Ltd	30 June	Broadcast services and facilities	24.1	24.1
Australian News Channel Pty Ltd	30 June	Pay TV news service	33.3	33.3
Australian Financial Investment Group	30 June	Mortgage originator	0.0	25.0

9. Investments Accounted for using the Equity Method (continued)

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
SHARE OF ASSOCIATES' PROFITS				
Share of associates':				
■ Operating profit before income tax	19,889	6,445	-	-
■ Income tax benefit/(expense)	(2,054)	959	-	-
Share of associates' net profit after income tax	17,835	7,404	-	-
CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES				
Balance at the beginning of the financial year	316,245	280,519	-	-
■ Carrying amount of investments in associates acquired during the year	448,379	30,822	-	-
■ Share of associates' net profit for the year	17,835	7,404	-	-
■ Dividends received or receivable	(16,761)	(2,500)	-	-
■ Carrying amount of investments in associates disposed of during the year	(36,192)	-	-	-
Carrying amount of investment in associates at the end of the financial year	729,506	316,245	-	-
REPRESENTED BY:				
Investments at equity accounted amount:				
■ Melco/PBL Joint Venture	208,962	-	-	-
■ Hoyts Cinemas	178,478	-	-	-
■ Sky Cable Pty Ltd	120,815	149,037	-	-
■ Premier Media Group	88,687	80,103	-	-
■ ACP/Natmags Joint Venture	54,292	-	-	-
■ SEEK Ltd	43,532	33,150	-	-
■ ninemsn Pty Ltd	20,980	9,728	-	-
■ Television and Media Services Ltd	7,448	6,157	-	-
■ Australian News Channel Pty Ltd	865	906	-	-
■ AFIG	-	31,742	-	-
■ Other non-material entities	5,447	5,422	-	-
	729,506	316,245	-	-
THE CONSOLIDATED ENTITY'S SHARE OF THE ASSETS AND LIABILITIES OF ASSOCIATES IN AGGREGATE				
Current assets	243,469	81,013		
Non-current assets	487,179	389,936		
Current liabilities	(82,098)	(47,897)		
Non-current liabilities	(158,108)	(68,605)		
Net assets	490,442	354,447		
RETAINED PROFITS/(ACCUMULATED LOSSES) OF THE CONSOLIDATED ENTITY ATTRIBUTABLE TO ASSOCIATES				
Balance at the beginning of the financial year	(24,416)	(31,820)		
Share of associates' net profits/(losses)	17,835	7,404		
Disposal of associated entities	(13,090)	-		
Balance at the end of the financial year	(19,671)	(24,416)		

10. Other Financial Assets

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
NON CURRENT				
Investments at cost comprise:				
Shares:				
Listed	22,235	122,014	33,052	33,052
Provision for diminution on listed shares	(10,000)	(13,515)	(27,300)	(27,300)
Unlisted	241,619	243,865	-	-
Provision for diminution on unlisted shares	(4,024)	(6,855)	-	-
	249,830	345,509	5,752	5,752
Controlled entities:				
Unlisted shares	-	-	2,924,916	2,979,665
Other investments	26,580	18,239	55	-
Total investments	276,410	363,748	2,930,723	2,985,417

LISTED SECURITIES MARKET VALUE:

The aggregate market value of other financial assets listed on a prescribed stock exchange at balance date:	13,433	138,718	8,977	7,366
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Details of investments other than associates or controlled entities, where PBL's interest is considered to be material:

Principal Activity	% INTEREST		CARRYING VALUE	
	2005	2004	2005	2004
Monarchy Enterprises Holdings BV ⁽¹⁾	25.4	25.4	201,187	201,187
Burswood Limited ⁽²⁾	N/A	17.6	N/A	98,264

(1) WHILE THE INTEREST IN THIS ENTITY IS IN EXCESS OF 20%, THE ECONOMIC ENTITY DOES NOT HAVE THE CAPACITY TO EXERT SIGNIFICANT INFLUENCE OVER THE INVESTEE.

(2) 100% OF THIS ENTITY WAS ACQUIRED DURING THE CURRENT PERIOD.

CONSOLIDATED		PARENT ENTITY	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

11. Property, Plant and Equipment

FREEHOLD LAND AND BUILDINGS			
■ At cost	812,640	306,632	-
■ Accumulated depreciation	(96,873)	(20,787)	-
	<u>715,767</u>	<u>285,845</u>	<u>-</u>
BUILDINGS ON LEASEHOLD LAND			
■ At cost	923,024	918,310	-
■ Accumulated amortisation	(245,866)	(224,375)	-
	<u>677,158</u>	<u>693,935</u>	<u>-</u>
TOTAL LAND AND BUILDINGS	<u>1,392,925</u>	<u>979,780</u>	<u>-</u>
LEASEHOLD IMPROVEMENTS			
■ At cost	18,142	18,118	-
■ Accumulated amortisation	(9,645)	(7,061)	-
	<u>8,497</u>	<u>11,057</u>	<u>-</u>
PLANT AND EQUIPMENT			
■ At cost	1,275,443	1,106,120	-
■ Accumulated depreciation	(805,853)	(694,484)	-
	<u>469,590</u>	<u>411,636</u>	<u>-</u>
CONSTRUCTION WORKS IN PROGRESS			
■ At cost	30,845	5,025	-
PLANT AND EQUIPMENT UNDER FINANCE LEASE			
■ At cost	32,259	33,753	-
■ Accumulated amortisation	(24,158)	(21,831)	-
	<u>8,101</u>	<u>11,922</u>	<u>-</u>
TOTAL WRITTEN DOWN VALUE	<u>1,909,958</u>	<u>1,419,420</u>	<u>-</u>

Freehold land and buildings at the head office and Nine Network were valued at 30 April 2005 by R Horton FAPI, FRICS, J Vastakis AAPI, G Pyman AAPI and M Klenke AAPI, ASIA of AON Valuation Services. The properties valued had a carrying value of \$100,350,000 and the independent valuations totalled \$114,727,000.

In June 2005, freehold land and buildings at Crown with a carrying value

of \$269,868,889 were independently valued by M J Cations FAPI of Property Dynamics Independent Property Advisers Pty Ltd. The independent valuation of these properties was \$351,620,000.

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

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
RECONCILIATIONS				
FREEHOLD LAND AND BUILDINGS				
Carrying amount at beginning	285,845	247,540	-	-
Acquisition of controlled entities	428,483	-	-	-
Additions	7,359	3,316	-	-
Transfer from construction work in progress	-	58,718	-	-
Disposals	(91)	(19,043)	-	-
Depreciation expense	(13,468)	(4,196)	-	-
Transfer from/(to) plant & equipment	7,639	(490)	-	-
	<u>715,767</u>	<u>285,845</u>	<u>-</u>	<u>-</u>
BUILDINGS ON LEASEHOLD LAND				
Carrying amount at beginning	693,935	707,400	-	-
Additions	6,169	8,170	-	-
Depreciation expense	(22,946)	(21,635)	-	-
	<u>677,158</u>	<u>693,935</u>	<u>-</u>	<u>-</u>
LEASEHOLD IMPROVEMENTS				
Carrying amount at beginning	11,057	11,736	-	-
Additions	300	1,514	-	-
Disposals	(29)	(137)	-	-
Amortisation expense	(1,737)	(1,834)	-	-
Transfer to plant & equipment	(1,094)	(222)	-	-
	<u>8,497</u>	<u>11,057</u>	<u>-</u>	<u>-</u>
PLANT & EQUIPMENT				
Carrying amount at beginning	411,636	355,171	-	-
Acquisition of controlled entities	69,202	-	-	-
Additions	80,356	56,000	-	-
Disposals	(3,836)	(334)	-	-
Depreciation expense	(86,668)	(74,739)	-	-
Transfer from leased assets	817	16	-	-
Transfer from leasehold improvements	1,094	222	-	-
Transfer (to)/from freehold land & buildings	(7,639)	490	-	-
Transfer from construction work in progress	4,628	74,810	-	-
	<u>469,590</u>	<u>411,636</u>	<u>-</u>	<u>-</u>
CONSTRUCTION WORK IN PROGRESS				
Carrying amount at beginning	5,025	105,469	-	-
Additions	30,448	33,084	-	-
Transfer to freehold land & buildings	-	(58,718)	-	-
Transfer to plant & equipment	(4,628)	(74,810)	-	-
	<u>30,845</u>	<u>5,025</u>	<u>-</u>	<u>-</u>
LEASED PLANT & EQUIPMENT				
Carrying amount at beginning	11,922	15,036	-	-
Additions	160	-	-	-
Disposals	-	(52)	-	-
Depreciation expense	(3,164)	(3,046)	-	-
Transferred to owned plant & equipment	(817)	(16)	-	-
	<u>8,101</u>	<u>11,922</u>	<u>-</u>	<u>-</u>

CONSOLIDATED

PARENT ENTITY

2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

12. Licences and Mastheads

TELEVISION LICENCES

■ At cost	1,317,955	1,317,955	-	-
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CASINO LICENCE

■ At cost	715,878	321,094	-	-
■ Accumulated amortisation	(52,239)	(43,533)	-	-
	<u>663,639</u>	<u>277,561</u>	-	-

MAGAZINE MASTHEADS

■ At cost	1,333,490	1,321,440	-	-
	<u>3,315,084</u>	<u>2,916,956</u>	-	-

13. Intangibles

GOODWILL AT COST

Accumulated amortisation	99,887	86,793	-	-
	<u>(17,566)</u>	<u>(14,595)</u>	-	-
	<u>82,321</u>	<u>72,198</u>	-	-

CASINO MANAGEMENT AGREEMENT AT COST

Accumulated amortisation	239,030	239,030	-	-
	<u>(41,712)</u>	<u>(34,766)</u>	-	-
	<u>197,318</u>	<u>204,264</u>	-	-

VENUE TICKETING RIGHTS AT COST

Accumulated amortisation	28,549	18,522	-	-
	<u>(14,096)</u>	<u>(11,876)</u>	-	-
	<u>14,453</u>	<u>6,646</u>	-	-
	<u>294,092</u>	<u>283,108</u>	-	-

14. Payables

CURRENT – UNSECURED

Trade and other creditors	578,859	493,745	2,519	2,134
Hedge payable	55,844	47,245	-	-
Program contract creditors	42,416	40,507	-	-
	<u>677,119</u>	<u>581,497</u>	<u>2,519</u>	<u>2,134</u>

NON CURRENT – UNSECURED

Program contract creditors	86,556	79,314	-	-
Other	4,577	7,884	-	-
	<u>91,133</u>	<u>87,198</u>	-	-

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000

15. Interest-Bearing Liabilities

CURRENT – SECURED

Lease liabilities – note 20	3,911	4,706	-	-
Hire purchase liabilities	129	153	-	-
	<u>4,040</u>	<u>4,859</u>	-	-

CURRENT - UNSECURED (REFER NOTE 21)

Other senior debt	520,000	609,882	-	-
TOTAL CURRENT	<u>524,040</u>	<u>614,741</u>	-	-

NON CURRENT – SECURED

Lease liabilities – note 20	154	4,129	-	-
Hire purchase liabilities	144	59	-	-
	<u>298</u>	<u>4,188</u>	-	-

NON CURRENT – UNSECURED (REFER NOTE 21)

Bank facilities	-	197,732	-	-
Other senior debt	1,973,694	1,094,255	-	-
Subordinated debt	300,000	300,000	300,000	300,000
Cross currency swap payable	178,643	132,533	-	-
Loans from controlled entities	-	-	6,314,746	4,077,513
	<u>2,452,337</u>	<u>1,724,520</u>	<u>6,614,746</u>	<u>4,377,513</u>
TOTAL NON CURRENT	<u>2,452,635</u>	<u>1,728,708</u>	<u>6,614,746</u>	<u>4,377,513</u>

THE LEASE AND HIRE PURCHASE LIABILITIES ARE SECURED BY A CHARGE OVER THE ASSETS.

16. Provisions

CURRENT

Employee entitlements	75,662	56,365	-	-
Other	58,934	20,582	24	25
	<u>134,596</u>	<u>76,947</u>	<u>24</u>	<u>25</u>

NON CURRENT

Employee entitlements	26,895	24,623	-	-
Other	50,057	4,929	10,865	10,865
	<u>76,952</u>	<u>29,552</u>	<u>10,865</u>	<u>10,865</u>

EMPLOYEE ENTITLEMENTS

THE AGGREGATE EMPLOYEE ENTITLEMENT LIABILITY COMPRISES:

■ Provisions - current	75,662	56,365	-	-
■ Provisions - non current	26,895	24,623	-	-
	<u>102,557</u>	<u>80,988</u>	-	-

MOVEMENT IN OTHER PROVISIONS

Carrying amount at the beginning of the financial year	25,511	10,890		
Acquisition of controlled entities	6,503	-		
Additional provision	80,545	-		
Amount utilised during the year	(3,568)	(1)		
Carrying amount at the end of the financial year	<u>108,991</u>	<u>10,889</u>		

CONSOLIDATED		PARENT ENTITY	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

17. Contributed Equity

ISSUED SHARE CAPITAL

- 673,061,925 ordinary shares fully paid (2004 – 661,925,000)

2,356,351	2,182,838	2,356,346	2,182,833
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MOVEMENTS IN ISSUED SHARE CAPITAL

Balance 1 July	2,182,838	2,182,838	2,182,833	2,182,833
<ul style="list-style-type: none"> 11,136,925 shares at \$15.58 were issued to in exchange for a 50% stake in Hoyts Cinemas 	173,513	-	173,513	-
BALANCE 30 JUNE	2,356,351	2,182,838	2,356,346	2,182,833

Terms and Conditions of Contributed Equity

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation

present by representative at a meeting shall have:

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

18. Reserves and Retained Profits

RESERVES

Foreign currency translation reserve	(7,515)	4,478	-	-
Asset revaluation reserve	437,443	437,443	-	-
Capital profits reserve	405	405	-	-
	430,333	442,326	-	-
RETAINED PROFITS	1,706,508	1,593,446	3,349,264	3,617,782

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations

BALANCE 1 JULY	4,478	1,264	-	-
Net exchange difference on translation of overseas controlled entities	(11,993)	3,214	-	-
BALANCE 30 JUNE	(7,515)	4,478	-	-

ASSET REVALUATION RESERVE

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

BALANCE 1 JULY	437,443	437,443	-	-
BALANCE 30 JUNE	437,443	437,443	-	-

CAPITAL PROFITS RESERVE

The capital profits reserve is able to be used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares

BALANCE 1 JULY	405	405	-	-
BALANCE 30 JUNE	405	405	-	-

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
RETAINED PROFITS				
BALANCE 1 JULY	1,593,446	1,117,055	3,617,782	3,746,460
Net profit attributable to members of PBL	<u>480,128</u>	<u>668,156</u>	<u>98,548</u>	<u>63,087</u>
Total available for appropriation	2,073,574	1,785,211	3,716,330	3,809,547
Dividends provided for or paid – note 4	<u>(367,066)</u>	<u>(191,765)</u>	<u>(367,066)</u>	<u>(191,765)</u>
BALANCE 30 JUNE	1,706,508	1,593,446	3,349,264	3,617,782

19. Outside Equity Interests

RECONCILIATION OF OUTSIDE EQUITY INTERESTS

■ Opening balance	2,782	2,844	-	-
■ Share of operating profit	9,381	9,261	-	-
■ Acquisition of outside equity interests	(265)	-	-	-
■ Less dividends/distributions	<u>(8,030)</u>	<u>(9,323)</u>	-	-
	3,868	2,782	-	-

20. Expenditure Commitments

(A) CAPITAL EXPENDITURE COMMITMENTS

(i) Estimated capital expenditure contracted for at balance date, but not provided for, payable:

■ not later than one year	56,992	44,433	-	-
	<u>56,992</u>	<u>44,433</u>	-	-

(ii) Program rights contracted for at balance date, but not provided for, payable:

■ not later than one year	68,969	60,904	-	-
■ later than one year and not later than five years	37,969	38,076	-	-
	<u>106,938</u>	<u>98,980</u>	-	-

(B) LEASE EXPENDITURE COMMITMENTS

(i) Finance lease commitments:

■ not later than one year	4,020	5,107	-	-
■ later than one year and not later than five years	167	4,130	-	-
	<u>4,187</u>	<u>9,237</u>	-	-
Future finance charges on finance leases	<u>(122)</u>	<u>(402)</u>	-	-
Lease liabilities	4,065	8,835	-	-

REPRESENTING LEASE LIABILITIES:

Current	3,911	4,706	-	-
Non current	154	4,129	-	-
	<u>4,065</u>	<u>8,835</u>	-	-

(ii) Non cancellable operating lease commitments:

Payable not later than one year	27,268	37,670	-	-
Payable later than one year and not later than five years	71,086	36,187	-	-
Payable later than five years	69,027	29,959	-	-
	<u>167,381</u>	<u>103,816</u>	-	-

Operating leases have an average lease term of approximately 5 years (2004: 5 years). Operating leases include telecommunications rental agreements and leases on assets including aircraft, motor vehicles, land and buildings and items of plant and equipment.

21. Statement of Cash Flows

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
(A) CASH BALANCE REPRESENTS:				
■ cash on hand and at bank	177,243	100,616	1,833	1,771
■ deposits at call	1,055,395	1,176,089	-	-
	1,232,638	1,276,705	1,833	1,771
(B) RECONCILIATION OF THE PROFIT FROM ORDINARY ACTIVITIES AFTER TAX TO THE NET CASH FLOWS FROM OPERATIONS				
Profit from ordinary activities after tax	489,509	677,417	98,548	63,087
Depreciation and amortisation				
■ property, plant and equipment	124,819	105,450	-	-
■ intangibles	30,940	24,609	-	-
Program rights amortisation and usage	154,333	144,162	-	-
Payments to program contract creditors	(153,736)	(135,609)	-	-
(Profit)/Loss on sale of property, plant and equipment	42	(1,555)	-	-
Unrealised foreign exchange (gain)/loss	(2,708)	728	(34,089)	(14,897)
Provision for diminution in the value of investments	(965)	-	-	-
Investment distribution	-	(185,959)	-	-
Program related inventory writedown	64,140	-	-	-
(Profit) on disposal of investments	(69,631)	(7,022)	-	-
Share of associates' net (profit)	(17,835)	(7,404)	-	-
Film and television investments written off	17,120	2,768	-	-
Net non-cash interest (received)/paid from/to controlled entities	-	-	215,756	144,847
Non-cash dividends received from controlled entities	-	-	(266,831)	(195,000)
Dividends received from associates	15,761	-	-	-
Other non cash items	-	2,500	34,323	40,977
Changes in assets and liabilities				
Trade and other receivables	40,081	(12,663)	92,750	(79,009)
Doubtful debts	1,709	(137)	-	-
Inventories	(20,332)	4,884	-	-
Prepayments	(2,378)	9,323	-	-
Development costs	(3,137)	(5,045)	-	-
Future income tax benefit	(58,020)	(5,086)	-	-
Other assets	3,755	(3,324)	-	-
Payables	63,993	31,808	342	(318)
Provision for income tax	(10,248)	23,353	(106,352)	52,323
Provisions for employee entitlements	5,974	7,682	-	-
Other provisions	68,157	(537)	(1)	(3)
Deferred income tax liability	40,239	660	10,065	4,566
Exchange rate charge on conversion of assets and liabilities of overseas controlled entities	(2,587)	1,908	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	778,995	672,911	44,512	16,573

BANK OVERDRAFT FACILITIES

The consolidated entity has bank overdraft facilities available as follows:

Bank	2005	2004
ANZ Banking Group Limited	A\$10 million	A\$10 million
ANZ Banking Group Limited	NZ\$1 million	NZ\$1 million
Citibank NA	US\$10 million	US\$10 million

CREDIT FACILITIES

	Facility Type	Maturity	Committed Facility Amount ^o \$ million	Facility drawn at 30 June 2005 ^o \$ million
Senior Bank Facilities				
Bilateral Facility	Bill Facility	November 2005	20	20
Syndicated Facility	Cash advance	July 2007	340	-
Bilateral Facility	Letter of credit	February 2010	300	300
Other Senior Debt				
Crown Unsecured Notes - series 2		August 2005	200	201*
Eurobond Notes	Senior guaranteed notes	November 2006	507	507
US Private Placement	Senior guaranteed notes	September 2009	162	162
MTN Tranche 2/3	Medium term notes	March 2010	150	150
MTN Tranche 4	Medium term notes [^]	March 2011	300	300
US Private Placement	Senior guaranteed notes	September 2012	194	194
US Private Placement	Senior guaranteed notes	September 2012	29	29
US Private Placement	Senior guaranteed notes	January 2013	36	36
US Private Placement	Senior guaranteed notes	September 2013	129	129
US Private Placement	Senior guaranteed notes	September 2014	206	206
US Private Placement	Senior guaranteed notes	January 2015	87	87
US Private Placement	Senior guaranteed notes	August 2016	108	108
US Private Placement	Senior guaranteed notes	January 2017	108	108
US Private Placement	Senior guaranteed notes	September 2019	10	10
US Private Placement	Senior guaranteed notes	December 2019	11	11
US Private Placement	Senior guaranteed notes	January 2020	115	115
Subordinated Debt				
Perpetual Adjusting Rate Securities			300	300
Total Debt			<u>3,312</u>	<u>2,973</u>

The syndicated facility is provided by a syndicate of banks and financial institutions led by ANZ Banking Group Limited. The senior bank and standby facilities are provided on a bilateral basis by several of the syndicate banks.

The senior bank facilities and other senior debt (other than Crown unsecured notes) are supported by a group guarantee from PBL and certain of its subsidiaries and impose various affirmative covenants on PBL, including compliance with certain ratios and covenants, various negative covenants, including restrictions on encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

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

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

^o NET OF CROSS CURRENCY SWAPS

* INCLUDES PRE-ACQUISITION ACCOUNTING ADJUSTMENT

[^] UNDER CERTAIN CIRCUMSTANCES THIS LOAN MAY BE CALLED BY EITHER PARTY WITH 10 DAYS NOTICE

21. Statement of Cash Flows (continued)

ACQUISITION OF CONTROLLED ENTITY

	\$'000
Net Assets of Burswood Limited at acquisition:	
Cash	16,636
Receivables	26,358
Inventories	2,865
Other assets	4,246
Property, plant & equipment	497,685
Casino licence	404,061
Deferred tax assets	18,494
	<u>970,345</u>
Payables	(44,647)
Provisions	(21,957)
Tax liabilities	(15,031)
Interest bearing liabilities	(210,000)
Deferred tax liabilities	(18,706)
Fair value of net assets acquired	<u>660,004</u>
Consideration paid	660,004
Less:	
Shares acquired in prior years	(98,264)
Cash included in net assets acquired	(16,636)
Compulsorily acquired shares not yet claimed	(2,022)
Cash paid as reflected in the Statement of Cash Flows	<u>543,082</u>

DISPOSAL OF CONTROLLED ENTITY

Proceeds on disposal of Beargen Pty Ltd	
■ Cash	100,978
The carrying amounts of assets and liabilities disposed of by major class are:	
■ Financial assets	36,165
Profit on disposal	<u>64,813</u>

The only assets of Beargen Pty Ltd was PBL's investment in AFIG. Net proceeds of \$100,978,000 are included in net proceeds from sale of equity investments in the Statement of Cash Flows.

22. Events Subsequent to Balance Date

In August 2005, PBL redeemed the \$200 million Crown unsecured notes (series 2) issued by its subsidiary Crown Limited. The financial effect of this event has not been recognised.

There has been no other matter or circumstance arising since 30 June 2005 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

23. Employee Entitlements and Superannuation Commitments

	2005	2004
Total number of employees at 30 June	<u>10,662</u>	<u>8,271</u>

SUPERANNUATION COMMITMENTS

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

contribute to accumulation funds.

As required for a defined benefits fund, an actuarial assessment of the Nine Network Superannuation Fund was made on 30 June 2005 by Mr D Wickham. This assessment, which is the most recent review, found that the assets of the defined benefits fund were in sufficient to satisfy all benefits that would have vested under the fund in the event of voluntary or compulsory termination of the employment of the members of the fund.

Details of the defined benefit portion of the Nine Network Superannuation Fund as extracted from their most recent actuarial report of 30 June 2005 are as follows:

	\$'000
Accrued benefits	55,012
Net market value of plan assets	<u>62,371</u>
Surplus of net market value of plan assets over accrued benefits	<u>7,359</u>
Vested benefits	<u>53,137</u>

EXECUTIVE SHARE PLAN

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

- a) PBL directors will determine the number of PBL shares issued to each eligible executive;
- b) the total number of shares which can be issued under the Plan will be limited to 2% of the issued share capital of PBL;
- c) the price payable for each PBL share issued under the Plan will be the weighted average share market price over the 5 business days up to and including the date that the offer of PBL shares is accepted;
- d) on completion of each year of service after the issue date, 25% of a participating executive's PBL shares will be released from restrictions on transfer;

- e) subscription monies will be funded by a loan from PBL that will be fully repayable after 5 years, or earlier, upon cessation of employment of the executive;
- f) if a participating executive sells PBL shares which are no longer subject to transfer restrictions before the expiry of the 5 year period, the executive must apply the issue price for each PBL share towards repayment of the loan;
- g) loan funds provided by PBL to acquire shares are provided on a limited recourse basis;
- h) interest payable on the loan funds will be equal to dividends received on the relevant PBL shares from time to time.

As at the date of the report there are 7 executives eligible to participate.

	2005	2004
Number of ESP shares on issue at year end	2,902,000	8,509,000
Number of ESP shares issued during the year	-	-
Market value of ESP shares issued during the year	-	-
Loans to executives at year end	<u>29,900,000</u>	<u>86,979,000</u>

24. Contingent Liabilities and Related Matters

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Unsecured	156,228	337,805	2,345,250	1,846,934

Contingent liabilities related primarily to the following:

CONTROLLED ENTITIES

(i) Under the terms of a deed entered into in accordance with the ASIC Class Order 98/1418, the parent entity has undertaken to meet any shortfall which might arise on the liquidation of controlled entities which are party to the deed.

- - **2,171,700** 1,501,750

(ii) PBL has guaranteed letters of credit issued to the State of Victoria in respect of obligations of Crown Limited

100,000 125,000 **100,000** 125,000

(iii) The consolidated entity and parent entity have made certain guarantees regarding contractual, performance and other commitments

56,228 212,805 **73,550** 220,184

25. Amounts Payable/Receivable In Foreign Currencies

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000

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

AMOUNTS PAYABLE

CURRENT

United States dollars	4,513	1,515	-	-
United Kingdom pounds	717	696	-	-
Singapore dollars	16,291	15,358	-	-
Malaysian ringgits	3,486	5,283	-	-
Papua New Guinea kina	-	1,046	-	-
New Zealand dollars	5,631	5,530	-	-

NON CURRENT

United States dollars	82	6,783	-	-
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AMOUNTS RECEIVABLE

CURRENT

United States dollars	1,565	1,111	-	-
United Kingdom pounds	978	1,014	-	-
Singapore dollars	2,457	2,653	-	-
Malaysian ringgits	1,873	2,576	-	-
Papua New Guinea kina	-	1,500	-	-
New Zealand dollars	26,495	21,758	-	-

26. Auditors' Remuneration

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
AMOUNTS RECEIVED, OR DUE AND RECEIVABLE, BY THE AUDITOR OF THE PARENT ENTITY FOR:				
■ Auditing the accounts	1,159	896	-	-
■ Taxation services	1,694	1,942	-	-
■ Other services				
Assurance related	365	259	-	-
Advice relating to finance structures	857	514	-	-
Due diligence	56	106	-	-
AMOUNTS RECEIVED, OR DUE AND RECEIVABLE, BY OTHER MEMBER FIRMS OF ERNST & YOUNG INTERNATIONAL FOR:				
■ Auditing the accounts of controlled entities	198	85	-	-
■ Assurance related	-	17	-	-
■ Due diligence advice	395	-	-	-
AMOUNTS RECEIVED, OR DUE AND RECEIVABLE, BY AUDITORS OTHER THAN THE AUDITORS OF THE PARENT ENTITY FOR:				
■ Auditing the accounts of controlled entities	-	15	-	-
	<u>4,724</u>	<u>3,834</u>	<u>-</u>	<u>-</u>

27. Earnings Per Share (EPS)

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

Net profit	489,509	677,417
Net (profit) attributable to outside equity interests	(9,381)	(9,261)
Earnings used in calculating basic and diluted EPS	<u>480,128</u>	<u>668,156</u>
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	<u>665,312</u>	<u>661,925</u>

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	489,509	677,417
Specific items (gain)/loss – note 3	76,511	(186,014)
Income expense/(benefit) on specific items	(42,066)	1,869
Net profit before specific items	<u>523,954</u>	<u>493,272</u>
Net (profit) attributable to outside equity interests	(9,381)	(9,261)
Earnings used in calculating basic and diluted EPS	<u>514,573</u>	<u>484,011</u>
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	<u>665,312</u>	<u>661,925</u>

28. Director And Executive Disclosures

(A) DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(i) Specified Directors

James D Packer	Executive Chairman
Kerry F B Packer	Executive Deputy Chairman
John H Alexander	Chief Executive Officer & Managing Director, PBL & Chief Executive Officer, ACP Magazines
Samuel H Chisholm	Executive Director
Rowen B Craigie	Chief Executive Officer, PBL Gaming & Chief Executive Officer, Crown Limited
Christopher J Anderson	Executive Director
Graham A Cubbin	Non Executive Director
Rowena Danziger	Non Executive Director
Ashok P Jacob	Non Executive Director
Sir Laurence Muir	Non Executive Director
Richard W Turner	Non Executive Director
Robert M Whyte	Non Executive Director

(ii) Specified Executives

Publishing and Broadcasting Limited

Geoffrey Kleemann	Chief Financial Officer
Guy Jalland	Group General Counsel and Company Secretary (commenced 4 November 2004)
Martin Dalgleish	Chief Executive Officer, Convergent Media, PBL (commenced 14 January 2005)
Anthony Klok	Business Development Director, PBL Investments
James McLachlan	Chief Executive Officer, PBL Enterprises & Group General Counsel (ceased employment 4 November 2004)

The PBL Group

David Courtney	Chief Executive Officer, Burswood Limited
David Gardiner	Deputy Chief Executive Officer, ACP
John Westacott	Executive Producer, Nine Network Australia
David Gyngell	Chief Executive Officer, Nine Network Australia (ceased employment 9 May 2005)
Michael Morris	Chief Operating Officer, Nine Network Australia (ceased employment 4 April 2005)

(B) REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(i) Remuneration Policy

PBL's remuneration policy is detailed in the Remuneration Report on page 11.

(ii) Remuneration of Specified Directors and Specified Executives

Remuneration of specified directors and specified executives is detailed in the Remuneration Report on pages 21 and 25.

(C) SHAREHOLDINGS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

Ordinary Shares held in PBL	Balance 1 July 2004 Ordinary	Issued under Executive Share Plan Ordinary	Net Change Other Ordinary	Balance 30 June 2005 Ordinary
Specified Directors				
James D Packer	-	-	73,000	73,000
Kerry F B Packer	247,572,325	-	11,136,925	258,709,250
John H Alexander	532,500	-	-	532,500
Rowen B Craigie	350,000	-	(350,000)	-
Christopher J Anderson	11,941	-	3,253	15,194
Graham A Cubbin	9,859	-	-	9,859
Rowena Danziger	22,876	-	-	22,876
Ashok P Jacob	-	-	-	-
Sir Laurence Muir	11,126	-	-	11,126
Richard W Turner	20,000	-	-	20,000
Robert M Whyte ¹	100,000	-	-	100,000
Specified Executives				
James McLachlan	575,000	-	(150,000)	425,000
Geoffrey Kleemann	200,000	-	(200,000)	-
David Gyngell	200,000	-	(200,000)	-
Michael Morris	150,000	-	(150,000)	-
David Gardiner	100,000	-	(50,000)	50,000
David Courtney	100,000	-	(100,000)	-
Anthony Klok	200,000	-	(40,000)	160,000

¹ MR WYTE HELD 30,954 CROWN UNSECURED NOTES AT 30 JUNE 2005 (2004 – 30,954)

ALL CHANGES DISCLOSED UNDER "OTHER" ARE THE RESULT OF ON-MARKET TRANSACTIONS.

THE COMPANY DOES NOT HAVE ANY OPTIONS ON ISSUE.

28. Director And Executive Disclosures (continued)

(D) LOANS TO SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

	Balance 01-Jul-04 \$	Interest charged \$	Interest not charged \$	Balance 30-Jun-05 \$	Highest owing in period \$
Specified Directors					
J H Alexander	2,245,000	-	41,555	-	2,245,000
R B Craigie	4,458,000	94,500	153,054	-	4,458,000
TOTAL SPECIFIED DIRECTORS	6,703,000	94,500	194,609	-	6,703,000
Specified Executives					
James McLachlan	5,157,250	221,000	110,979	3,810,250	5,157,250
Geoffrey Kleemann	1,796,000	-	27,703	-	1,796,000
David Gyngell	2,384,000	40,500	91,884	-	2,384,000
Michael Morris	1,565,500	13,500	48,426	-	1,565,500
David Courtney	1,192,000	5,400	31,006	-	1,192,000
David Gardiner	964,000	39,500	22,953	482,000	964,000
Anthony Klok	1,814,000	83,200	30,963	1,451,200	1,814,000
TOTAL SPECIFIED EXECUTIVES	14,872,750	403,100	363,914	5,743,450	14,872,750

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

The average cost of gross borrowings for PBL for the year ended 30 June 2005 was 7.40%.

(E) OTHER TRANSACTIONS AND BALANCES WITH SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

Details of transactions with Consolidated Press Holdings Limited ("CPH") an entity related to Mr KFB Packer are details in Note 30.

29. Segment Information

PBL operates three distinct segments. These being:

- Television – operation of commercial television stations,
- Publishing – magazine publishing and distribution, and
- Gaming – operation of fully integrated gaming and entertainment facilities.

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

	TELEVISION		MAGAZINES		GAMING		UNALLOCATED		PBL GROUP	
	30 June 2005 \$'000	30 June 2004 \$'000	30 June 2005 \$'000	30 June 2004 \$'000	30 June 2005 \$'000	30 June 2004 \$'000	30 June 2005 \$'000	30 June 2004 \$'000	30 June 2005 \$'000	30 June 2004 \$'000
(A) INDUSTRY SEGMENT										
Operating revenue *										
Total	909,848	874,863	825,268	742,104	1,521,180	1,201,340	202,306	306,647	3,458,602	3,124,954
Intersegment	(6,592)	(5,327)	(1,802)	(1,836)	(4,205)	(1,449)	(3,982)	(3,385)	(16,581)	(11,997)
External customers	903,256	869,536	823,466	740,268	1,516,975	1,199,891	198,324	303,262	3,442,021	3,112,957
Interest revenue									73,583	56,592
Total revenue from ordinary activities	903,256	869,536	823,466	740,268	1,516,975	1,199,891	198,324	303,262	3,515,604	3,169,549
Segment result										
Earnings before interest, tax, depreciation and amortisation "EBITDA"	270,125	280,114	244,791	210,621	419,023	375,646	(23,523)	(17,712)	910,416	848,669
Depreciation and amortisation	(19,652)	(18,625)	(8,643)	(8,288)	(115,809)	(94,157)	(11,655)	(8,989)	(155,759)	(130,059)
Earnings before interest and tax "EBIT"	250,473	261,489	236,148	202,333	303,214	281,489	(35,178)	(26,701)	754,657	718,610
Specific items	(137,768)	-	-	-	-	-	61,257	186,014	(76,511)	186,014
Equity accounted share of associates' net profit									17,835	7,404
Net interest (expense)									(123,369)	(105,630)
Profit from operating activities before income tax and minority interests less: tax expense									572,612	806,398
Profit from operating activities after tax									(83,103)	(128,981)
									489,509	677,417
Total assets employed ^	1,919,148	1,936,963	1,706,742	1,578,849	3,134,114	2,009,441	1,939,048	2,016,289	8,699,052	7,541,542
Total liabilities	507,106	393,373	230,384	225,546	637,747	457,940	2,826,755	2,243,291	4,201,992	3,320,150
Acquisition of non-current assets	53,287	39,250	83,219	12,871	803,258	78,515	226,350	116,442	1,166,114	247,078
Investments in associates	4,764	4,764	54,974	658	208,963	-	460,805	310,823	729,506	316,245
Non-cash expenses (other than depn & amort)	4,210	5,031	(2,002)	1,568	656	14,212	18,333	793	21,197	21,604

* REVENUE INCLUDES PROCEEDS FROM ASSET SALES

^ UNALLOCATED ASSETS INCLUDE INVESTMENTS OF \$674.2 MILLION (2004: \$620.4 MILLION) AND UNALLOCATED CASH ON DEPOSIT OF \$1,038.0 MILLION (2004:\$1,124.4 MILLION)

(B) GEOGRAPHICAL SEGMENT

The economic entity operates principally within Australia.

30. Related Party Disclosures

RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTIES IN WHOLLY-OWNED GROUP

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

TRANSACTIONS WITH DIRECTOR RELATED ENTITIES

Consolidated Press Holdings Limited ("CPH"), an entity related to Mr KFB Packer, provides management and consulting services to PBL and its controlled entities. The charges for the year ended 30 June 2005 were \$1,296,000 (2004 - \$1,929,000). In addition, CPH provided leased premises, car parking and other facilities at a charge of \$1,720,244 (2004 - \$1,337,000).

A controlled entity of CPH provided customs clearance services to PBL and its controlled entities. The charge for these services for the year ended 30 June 2005 was \$444,000 (2004 - \$675,000). A controlled entity of CPH also provided accommodation services to PBL and its controlled entities of \$88,000 (2004 - \$15,000) and advertising of \$264,000 (2004 - \$233,000).

PBL and its controlled entities provided television air-time and commercial production services to controlled entities of CPH. The charge for television air-time for the year ended 30 June 2005 was \$738,000 (2004 - \$530,000) and for commercial production was \$61,000 (2004 - \$105,000). PBL and its controlled entities also provided CPH with hotel rooms for \$33,000 (2004 - \$51,000), accounting and other services of

\$120,000 (2004 - \$120,000), information technology services of \$334,000 (2004 - \$210,000) and leased premises of \$563,000 (2004 - \$632,000).

During the year, PBL acquired 50% of Hoyts Cinemas from CPH. The purchase price of \$173.5 million was satisfied by PBL issuing 11,136,925 PBL shares to CPH.

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

TRANSACTIONS WITH OTHER RELATED PARTIES

Under the terms of the ninemsn joint venture agreement, PBL is to provide to ninemsn Pty Ltd the use of brands, including registered trademarks and logos, and personalities at no charge. An amount of advertising and ongoing promotional airtime was also provided free of charge as per the agreement. This was \$4,431,000 for the year (2004 - \$2,269,000). Charges by controlled entities of PBL to ninemsn were for hotel costs of \$Nil (2004: \$5,000), production costs of \$55,000 (2004 - \$121,000) and online advertising of \$1,833,000 (2004 - \$1,505,000). ninemsn charged controlled entities of PBL \$3,283,000 (2004 - \$2,612,000) for advertising, \$909,000 (2004 - \$667,000) for wireless related services and \$44,125 (2004 - \$nil) for website maintenance.

PBL and its controlled entities provided advertising valued at \$1,160,000 (2004 - \$459,000 – after SEEK became an associated entity in October 2003) at no charge to SEEK under the terms of the joint venture

agreement. Payments of \$14,000 (2004 - \$1,000 – after SEEK became an associated entity in October 2003) were made by controlled entities of PBL to SEEK for classified advertising.

After Hoyts became an associated entity in December 2004, PBL and its controlled entities provided advertising for a charge of \$95,000, leased premises of \$32,000 and \$20,000 for hotel and other costs. Payments were made by controlled entities of PBL to Hoyts for advertising of \$27,000 and movie tickets of \$8,000.

PBL and its controlled entities provided advertising to Foxtel for a charge of \$4,647,000 (2004 - \$3,677,000) as well as charging \$965,000 (2004 - \$180,000) for production and link costs and \$73,000 (2004 - \$146,000) for hotel costs.

Payments were made by controlled entities of PBL to Foxtel for subscription and installation costs of \$473,000 (2004 - \$333,000).

PBL and its controlled entities charged Fox Sports with production services and satellite links at a cost of \$360,000 (2004 - \$327,000) and provided hotel rooms for \$Nil (2004 - \$2,000). Payments were made by controlled entities of PBL to Fox Sports for programme rights of \$317,000 (2004 - \$Nil) and subscription costs of \$Nil (2004 - \$13,000) and advertising of \$ Nil (2004 - \$141,000).

Payments were made by controlled entities of PBL to Television and Media Services Limited (TMS) for outside broadcast costs of \$12,637,000 (2004 - \$11,344,000).

PBL and its controlled entities provided production services and satellite links to Australian News Channel at a cost of \$51,000 (2004 -

\$42,000).

Prior to the divestment of the interest in AFIG in November 2004 advertising was provided by PBL and its controlled entities to AFIG to the value of \$577,000 (2004 - \$1,171,000) during the year as well as \$39,000 (2004 - \$160,000) in commercial production services and \$22,000 (2004 - \$28,000) in hotel services.

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

LOANS TO DIRECTORS

Mr J Alexander and Mr R Craigie are participants in the Executive Share Plan and the loans outstanding at 30 June 2004 of \$6,703,000 have been fully repaid during the reporting period. No shares were issued to directors during the financial year (2004 - \$Nil). Shares are issued in accordance with the conditions in note 23.

An interest free housing loan had been advanced to Mr Peter Yates, who resigned as a director of PBL on 9 June 2005. The loan was a limited recourse loan and was secured by a first mortgage. The balance of this loan at 30 June 2004 was \$6,000,000 and was fully repaid during the reporting period. Interest has been charged from the date Mr Yates resigned at the ANZ standard variable home loan interest rate. Interest received during the financial year was \$139,618 (2004: 24,406).

FOOTNOTE

PLACE OF
INCORPORATION

BENEFICIAL INTEREST
HELD BY THE
CONSOLIDATED ENTITY

31. Investment in Controlled Entities

			2005	2004
			%	%
PUBLISHING AND BROADCASTING LIMITED			AUSTRALIA	
			PARENT ENTITY	
Petelex Pty Ltd	C	Australia	100	100
Nine Network Australia Pty Ltd	C	Australia	100	100
General Television Corporation Pty Ltd	C	Australia	100	100
TCN Channel Nine Pty Ltd	C	Australia	100	100
ACPPS Investments Pty Ltd		Australia	100	100
ACPPS Holdings Pty Ltd		Australia	100	100
MLPM Holdings Pty Ltd		Australia	100	100
Micjoy Pty Ltd		Australia	100	100
JTA Developments Pty Ltd		Australia	100	100
Nine Films & Television Pty Ltd		Australia	100	100
Nine Films & Television Distribution Pty Ltd		Australia	100	100
Pay TV Holdings Pty Ltd	C	Australia	100	100
Pay TV Options Pty Ltd		Australia	100	100
Shertip Pty Ltd		Australia	100	100
Nine Television Pty Ltd		Australia	100	100
PBL NZ TV Holdings Ltd		New Zealand	100	100
Personal TV Pty Ltd		Australia	100	100
Queensland Television Limited	C	Australia	100	100
Recordable TV Pty Ltd		Australia	100	100
sixteenby9 Film & Television Pty Ltd	A	Australia	100	-
Television Holdings Darwin Pty Ltd	C	Australia	100	100
Territory Television Pty Ltd	C	Australia	100	100
TV Your Way Pty Ltd		Australia	100	100
ACP Partnership Holdings GP Pty Ltd		Australia	100	100
Masthead LP Management			100	100
Magazine Holdings Limited		Cayman Islands	100	100
Magazines Holdings (No 2) Pty Ltd		Australia	100	100
Debentures and Securities Holdings Limited		Cayman Islands	100	100
Mastheads Capital Partnership			100	100
Debentures and Securities (No 2) Pty Ltd		Australia	100	100
Australian Consolidated Press Limited	C	Australia	100	100
ACP Masthead Nominees Pty Ltd		Australia	100	100
ACP Mastheads Pty Ltd	C	Australia	100	100
ACP Colour Graphics Pty Ltd	C	Australia	100	100
ACP Netguide Mastheads Pty Ltd		Australia	100	100
ACP New Zealand Mastheads Pty Ltd		Australia	100	100
ACP Magazines Limited (formerly know as ACP Publishing Pty Ltd)	C	Australia	100	100
ACP Custodians Pty Ltd		Australia	100	100
ACP Media Ltd	D	New Zealand	100	100
ACP Netguide Mastheads (NZ) Limited	D	New Zealand	100	100
Australian Consolidated Press NZ Ltd	D	New Zealand	100	100
Motoring Guide Auckland Limited	D	New Zealand	100	100
Netlink Distribution Co Ltd	D	New Zealand	100	100
New Zealand Trader Magazine Group Limited	D	New Zealand	100	100
Property Press Auckland Limited	D	New Zealand	100	100
Property Press Wellington Limited	D	New Zealand	100	100

	FOOTNOTE	PLACE OF INCORPORATION	BENEFICIAL INTEREST HELD BY THE CONSOLIDATED ENTITY	
			2005	2004
			%	%
Property Press Southland Limited	D	New Zealand	100	100
Wellington Motoring Guide Limited	D	New Zealand	100	100
Property Press Central Limited	B,D	New Zealand	50	50
Property Press Eastern (1997) Limited	B,D	New Zealand	50	50
Property Press South Auckland (1997) Limited	B,D	New Zealand	50	50
Property Press Bay of Plenty Limited	B,D	New Zealand	50	50
Property Press Otago Limited	B,D	New Zealand	50	50
Lakes District Property Press Limited	B,D	New Zealand	50	50
ACP Media (UK) Limited		United Kingdom	100	100
ACP Media (UK) Investments Limited	A	United Kingdom	100	-
ACP Points Pty. Limited		Australia	100	100
ACP Syme Magazines Pty Ltd		Australia	100	100
Football Plus Pty Ltd		Australia	100	100
ACP Trader Pty Ltd	A	Australia	100	-
Australian Consolidated Press (US), Inc	D	USA	100	100
Burkes Backyard Publishing Pty Ltd	B	Australia	50	50
Computer Publications Pty Ltd		Australia	100	100
Equipment Research Group Pty Ltd		Australia	100	100
ETF Holdings Pty Ltd	A	Australia	100	-
Exhibitions and Trade Fairs Pty Limited		Australia	100	75
Hearst/ACP Partnership	B		50	50
Lifestyle 1 Pty Limited	A	Australia	70	-
Stats on Sports Pty Ltd		Australia	100	100
Staflex Pty Ltd	C	Australia	100	100
ACP Entertainment Magazines Pty Ltd (formerly ACP Magazines Pty Ltd)	C	Australia	100	100
ACP Magazines (CI) Ltd		Cayman Islands	100	100
Channel 9 Australia Inc.		USA	100	100
Nesray Pty Limited		Australia	100	100
Beargen Pty Limited	G	Australia	-	100
Nine Leisure Pty Ltd		Australia	100	100
Nine Intencity Pty Ltd		Australia	100	100
Nine Network Productions Pty Ltd	C	Australia	100	100
Nine Network Superannuation Fund Pty Ltd		Australia	100	100
Nine Satellite Facilities Pty Ltd	C	Australia	100	100
PBL Marketing Pty Ltd	C	Australia	100	100
PBL Pacific Television Pty Ltd	C	Australia	100	100
Media Niugini Ltd	G	PNG	-	100
ACP Partnership Holdings LP Pty Ltd		Australia	100	100
Bellfix Pty Ltd		Australia	100	100
Jade West Entertainment Pty Ltd		Australia	100	100
Jaydive Pty Ltd		Australia	100	100
Jemtex Pty Ltd	A	Australia	100	-
Justvana Pty Ltd		Australia	100	100
Mancon Nominees Pty Ltd		Australia	100	100
PBL Film Holdings Pty Limited	A	Australia	100	-
PBL Cinema Holdings Pty Ltd	A	Australia	100	-
PBL Property Pty Limited		Australia	100	100
ecorp Limited		Australia	100	100

FOOTNOTE PLACE OF
INCORPORATION BENEFICIAL INTEREST
HELD BY THE
CONSOLIDATED ENTITY

31. Investment in Controlled Entities (continued)

			2005	2004
			%	%
Cessray Pty Limited		Australia	100	100
ecorp Holdings Ltd		Bahamas	100	100
ecorp International Investments Ltd		Bahamas	100	100
ecorp International Ltd		Bahamas	100	100
PBL Online Pty Limited		Australia	100	100
Pennwin Pty Limited		Australia	100	100
ecorp Finance Pty Limited		Australia	100	100
Prenew Pty Limited		Australia	100	100
Ticketek Pty Ltd		Australia	100	100
BASS New Zealand Limited	D	New Zealand	100	100
Queensland Leisure Ticketing Systems Trust			100	100
Softix Pty Ltd		Australia	100	100
Ticketek Investments Limited		Bahamas	100	100
Ticketek Limited		Hong Kong	100	100
Ticketek Queensland Pty Ltd		Australia	100	100
Ticketek Services Limited	D	New Zealand	100	100
Ticketek New Zealand Limited	D	New Zealand	100	100
Zacchaeus Pty Ltd		Australia	100	100
Ticketek Trust			100	100
Ticketek Victoria Pty Ltd		Australia	100	100
White Whale Pty Ltd		Australia	100	100
Manden Productions Pty Ltd		Australia	100	100
Manpress Pty Ltd		Australia	100	100
Mounds Bay Finance Trust			100	100
Mounds Bay Site Trust			100	100
Westralia Square Finance Trust			100	100
Westralia Square Site Trust			100	100
Sharland Pty Limited		Australia	100	100
Skeat Pty Ltd		Australia	100	100
NTNA Holdings Pty Limited		Australia	100	100
PBL Capital Pty Ltd		Australia	100	100
PBL Enterprises Ltd	C	Australia	100	100
PBL Gaming Management Pty Ltd		Australia	100	100
PBL Gaming Technology Pty Ltd		Australia	100	100
PBL MH Pty Limited	A	Australia	100	-
PBL MH1 Holdings No 1 (CI) Ltd		Cayman Islands	100	100
PBL MH Investor Pty Ltd		Australia	100	100
PBL MH 2 Investor Pty Ltd		Australia	100	100
PBL Management Pty Ltd	C	Australia	100	100
PBL Pay TV Pty Ltd		Australia	100	100
PBL Securities Ltd		Australia	100	100
ACP GP (CI) Limited		Cayman Islands	100	100
ACP Nominees (CI) Limited		Cayman Islands	100	100
PBL (CI) Finance Limited		Cayman Islands	100	100
PBL MH2 Holdings No 1 (CI) Limited		Cayman Islands	100	100
PBL Co-investment No 1 Ltd Liability Company		USA	100	100
PBL Cayman Co-investment No 1 General Partnership		Cayman Islands	100	100

	FOOTNOTE	PLACE OF INCORPORATION	BENEFICIAL INTEREST HELD BY THE CONSOLIDATED ENTITY	
			2005	2004
			%	%
PBL MH Investments No.1 (CI) Ltd		Cayman Islands	100	100
ACP MH Holdings (NZ) Ltd		New Zealand	100	100
PBL MH Investments No.1 Pty Ltd		Australia	100	100
CML Holdings No 1 Pty Ltd		Australia	100	100
Consolidated Magazines Pty Ltd		Australia	100	100
Cubwell Pty Ltd		Australia	100	100
TCN Investments Pty Ltd		Australia	100	100
Publishing and Broadcasting International Holdings Ltd	D	Bahamas	100	100
Consolidated Press Asia Pte Limited	D	Singapore	100	100
ACP Asia Pte Ltd (Singapore)	D	Singapore	100	100
ACP Asia Pte Ltd (Malaysia)	D	Malaysia	100	100
Nine Network International Television (SA) Ltd	D	Bahamas	100	100
GTT Investments Limited (formerly Ecom.com.Two Ltd)	D	Mauritius	100	100
GTT Property Company Limited	D	Thailand	100	100
PBL Capital (Malaysia) Sdn Bhd	D	Malaysia	100	100
Nine Television (Netherlands Antilles) Pty Ltd		Australia	100	100
Noreco Investment Pty Ltd	A	Australia	100	-
PBL Financial Services BV	D	Netherlands	100	100
Australian Consolidated Press (UK)	D	UK	100	100
PBL Luxembourg SA	D	Luxembourg	100	100
PBL International Leisure Ltd	D	Bahamas	100	100
Publishing and Broadcasting Online One Ltd	D	Bahamas	100	100
PBL Gaming (Vanuatu) Ltd	D	Vanuatu	100	100
PBL Gaming Operations (Vanuatu) Ltd	D	Vanuatu	100	100
Publishing and Broadcasting Online Two Ltd	D	Bahamas	100	100
PBL (Mauritius) Ltd	D	Mauritius	100	100
Publishing and Broadcasting International Ltd	D	Bahamas	100	100
Swansea Investments Limited	D	Hong Kong	100	100
PBL Surefire Investment Pty Ltd		Australia	100	100
PBL (WA) Pty Limited		Australia	100	100
Burswood Limited	A,C	Australia	100	18
Burswood Catering and Entertainment Pty Ltd	A	Australia	100	18
Burswood Hotel Pty Ltd	A	Australia	100	18
Burswood Nominees Ltd	A,C	Australia	100	18
Burswood Resort (Management) Ltd	A,C	Australia	100	18
Burswood Partnership Pty Ltd	A	Australia	100	18
Burswood Property Holdings Pty Ltd	A	Australia	100	18
Publishing and Broadcasting (Finance) Ltd	C	Australia	100	100
Robbdoc Pty Limited		Australia	100	100
MHLP Holdings Pty. Limited	A	Australia	100	-
ACPPS Pty Limited	A	Australia	100	-
MH Finance Holdings Pty. Limited	A	Australia	100	-
MH Finance Investments Pty. Limited	A	Australia	100	-
MHLP Holdings No.1 Pty. Limited	A	Australia	100	-
MHLP Holdings No.1A Pty. Limited	A	Australia	100	-
PBL Asia Holdings Limited LLC	A	USA	100	-
PBL Asia Investments Limited	A	Cayman Islands	100	-
PBL Asia Investments (NZ) Limited	A	New Zealand	100	-

FOOTNOTE PLACE OF INCORPORATION BENEFICIAL INTEREST HELD BY THE CONSOLIDATED ENTITY

31. Investment in Controlled Entities (continued)

			2005	2004
			%	%
PBL Cayman Investments Limited	A	Cayman Islands	100	-
Sydney Superdome Pty Ltd	A	Australia	100	-
Events Management Catering Pty Ltd	A	Australia	100	-
Television and Magazine Holdings Pty Ltd		Australia	100	100
Windfyr Pty Limited		Australia	100	100
Crown Limited	F	Australia	100	100
Cityroad Property Investments Pty Ltd		Australia	100	100
Crown Australia Pty Ltd		Australia	100	100
Crown Resort (China) Pty Ltd		Australia	100	100
Crown Resort Pte Ltd	D	Singapore	100	100
Crown Resort (Thailand) Ltd	D	Thailand	100	100
Crown CPS Holdings Pty Ltd		Australia	100	100
Crown CP Shareholders Trust			100	100
Crown Express Pty Ltd		Australia	100	100
Crown Management Holdings Pty Ltd		Australia	100	100
Crown Management Pty Ltd		Australia	100	100
Live Music Concept Pty Ltd		Australia	100	100
Loller Street Investments Pty Ltd		Australia	100	100
Melbourne Live Unit Trust			100	100
Melbourne Live Holdings Pty Ltd		Australia	100	100
Melbourne Live Pty Ltd		Australia	100	100
OASC (Melbourne) Pty Ltd		Australia	100	100
Ombambo Pty Ltd	B	Australia	50	50
Southbank Investments Pty Ltd		Australia	100	100
Uchino Pty Ltd		Australia	100	100

A. Control of this entity was acquired during the year ended 30 June 2005.

B. These entities are 50% owned although through an arrangement with other shareholders PBL has control.

C. These controlled entities have entered into a deed of cross guarantee with the parent entity under ASIC Class Order 98/1418 - the "Closed Group" and "Extended Closed Group" (refer note below).

D. Controlled entities which are audited by other member firms of Ernst & Young International.

E. Controlled entities which are not audited by other member firms of Ernst & Young International.

F. Members of the "Extended Closed Group" only.

G. This entity was sold during the year ended 30 June 2005.

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

The consolidated profit and loss statement and balance sheet of the entities which are members of the "Closed Group" and the "Extended Closed Group" for the year ended 30 June 2005 are:

	CLOSED GROUP		EXTENDED CLOSED GROUP	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED PROFIT AND LOSS STATEMENT				
Profit from ordinary activities before income tax	153,942	87,343	113,350	367,878
Income tax (expense)/benefit on ordinary activities	110,887	7,968	43,599	(9,208)
Net profit after income tax	264,829	95,311	156,949	358,670
Net (profit) attributable to outside equity interests	(5,896)	(5,980)	(5,896)	(5,980)
Retained profits at the beginning of the financial year	182,347	285,153	926,755	766,202
Retained profits of entities entering Closed Group	12,560	-	12,560	-
Retained profits of entities removed from Closed Group	53,691	-	53,691	-
Dividends provided for or paid	(367,066)	(192,137)	(367,066)	(192,137)
Retained profits at the end of the financial year	140,465	182,347	776,993	926,755
CONSOLIDATED BALANCE SHEET				
Current Assets				
Cash and deposits	691,250	721,569	759,910	807,983
Receivables	348,098	387,766	367,008	410,419
Inventories and program rights	102,691	128,358	107,623	133,733
Other	134,528	31,628	74,817	35,815
TOTAL CURRENT ASSETS	1,276,567	1,269,321	1,309,358	1,387,950
NON CURRENT ASSETS				
Receivables	4,121,308	1,968,585	4,317,036	2,123,794
Inventories and program rights	41,527	41,134	41,527	41,134
Investments	5,573,559	5,186,709	5,025,882	4,489,081
Property, plant and equipment	178,993	141,680	1,351,700	1,354,908
Licences and mastheads	1,677,044	1,733,607	1,930,039	1,995,342
Other	83,678	39,854	230,485	121,899
TOTAL NON CURRENT ASSETS	11,676,109	9,111,569	12,896,669	10,126,158
TOTAL ASSETS	12,952,676	10,380,890	14,206,027	11,514,108
CURRENT LIABILITIES				
Payables	424,489	328,098	553,815	463,584
Interest-bearing liabilities	4,498	276,657	204,498	276,657
Provisions	69,056	33,093	98,162	73,125
TOTAL CURRENT LIABILITIES	498,043	637,848	856,475	813,366
NON CURRENT LIABILITIES				
Payables	86,556	79,314	86,586	80,243
Interest-bearing liabilities	9,245,710	6,740,847	9,163,667	6,692,902
Provisions	183,749	116,020	524,153	376,328
TOTAL NON CURRENT LIABILITIES	9,516,015	6,936,181	9,774,406	7,149,473
TOTAL LIABILITIES	10,014,058	7,574,029	10,630,881	7,962,839
NET ASSETS	2,938,618	2,806,861	3,575,146	3,551,269

31. Investment in Controlled Entities (continued)

	CLOSED GROUP		EXTENDED CLOSED GROUP	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
EQUITY				
Contributed equity	2,356,347	2,182,834	2,356,347	2,182,834
Reserves	438,475	440,021	438,475	440,021
Retained profits	140,465	182,347	776,993	926,755
TOTAL PARENT ENTITY INTEREST IN EQUITY	2,935,287	2,805,202	3,571,815	3,549,610
Outside equity interest				
Issued capital	152	152	152	152
Retained profits	3,179	1,507	3,179	1,507
TOTAL OUTSIDE EQUITY INTEREST	3,331	1,659	3,331	1,659
TOTAL EQUITY	2,938,618	2,806,861	3,575,146	3,551,269

32. Financial Instruments

(a) Terms and conditions

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

RECOGNISED FINANCIAL INSTRUMENTS

(i) Financial Assets

	NOTE	TERMS AND CONDITIONS
Receivables	6	The majority of credit sales are on 45 day terms. Gaming cheques can be held for up to 5 banking days for domestic patrons and 20 days for international patrons. In accordance with VCGA requirements, credit can be extended to international patrons, upon completion of a credit approval process.
Receivables - associates	6	Details of terms and conditions are set out in note 30.
Receivables - related parties/entities	6	Details of terms and conditions are set out in note 30.
Bills of exchange and promissory notes		Average maturity: 45 days (2004: 7 days). Can be liquidated within one day at prevailing market rates.
Treasury notes		Average maturity: 46 days (2004: 47 days). Can be liquidated within one day at prevailing market rates.
Debentures		Average maturity: 6 months (2004: 6 months)

(ii) Financial Liabilities

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

RECOGNISED FINANCIAL INSTRUMENTS**(iii) Equity**

Ordinary shares

(iv) Derivatives

Forward exchange

NOTE TERMS AND CONDITIONS

17 Details of shares issued are outlined in notes 17.

At balance date the company had contracts to purchase US\$ and sell A\$ totalling US\$43,270,000 (2004 - US\$35,000,000) at an average rate of US\$ 0.7442 (2004 - US\$ 0.7071). Forward exchange contracts are for no longer than 12 months.

INTEREST RATE SWAPS

At balance date the consolidated entity had the following interest rate swaps:

- notional value of \$150 million at an average fixed rate of 5.34% due to expire in April 2006.
- notional value of \$30 million at an average fixed rate of 5.98% due to expire in June 2006.
- notional value of \$25 million at an average fixed rate of 5.95% due to expire in August 2006.
- notional value of \$15 million at an average fixed rate of 5.64% due to expire in October 2007.
- notional value of \$25 million at an average fixed rate of 5.50% due to expire in January 2008.
- notional value of \$300 million at an average fixed rate of 5.99% due to expire in July 2008.
- notional value of \$50 million at an average fixed rate of 5.75% due to expire in April 2009.
- notional value of \$100 million at an average fixed rate of 5.84% due to expire in July 2009.
- notional value of \$100 million at an average fixed rate of 5.75% due to expire in November 2009. The swap knocks out if 90 day BBSW on rate set dates is 8% or higher.
- notional value of \$100 million at an average fixed rate of 5.86% due to expire in May 2011.
- notional value of \$50 million at an average fixed rate of 5.35% due to expire in January 2012.
- notional value of \$100 million at an average fixed rate of 6.00% due to expire in July 2014.
- notional value of \$100 million at an average fixed rate of 5.98% due to expire in August 2014.
- notional value of \$100 million at an average fixed rate of 5.86% due to expire in September 2014.
- notional value of \$100 million at an average fixed rate of 6.03% due to expire in April 2015
- notional value of \$100 million at an average fixed rate of 5.70% due to commence August 2005 and expire August 2015.
- notional value of \$50 million at an average rate of 5.60% due to commence July 2006 and expire July 2016.

CROSS CURRENCY SWAPS

The entity has entered into cross currency swaps to hedge foreign currency exposure and swap interest rate exposure to floating A\$ rates on foreign currency borrowings as follows:

- €300 million maturing November 2006 at 90 day BBSW plus 1.09% p.a.
- US\$86.5 million maturing September 2009 at 90 day BBSW plus 1.02% p.a.
- US\$103.2 million maturing September 2012 at 90 day BBSW plus 1.11% p.a.
- US\$20 million maturing September 2012 at 90 days BBSW plus 0.40% p.a.
- US\$25 million maturing January 2013 at 90 days BBSW plus 0.35% p.a.
- US\$90 million maturing September 2013 at 90 days BBSW plus 0.67% p.a.
- US\$75 million maturing September 2014 at 90 day BBSW plus 1.20% p.a.
- US\$60.5 million maturing January 2015 at 90 days BBSW plus 0.62% p.a.
- US\$75 million maturing August 2016 at 90 days BBSW plus 0.52% p.a.
- US\$75 million maturing January 2017 at 90 days BBSW plus 0.50% p.a.
- US\$7 million maturing September 2019 at 90 days BBSW plus 0.56% p.a.
- US\$7.5 million maturing December 2019 at 90 days BBSW plus 0.52% p.a.
- US\$80 million maturing January 2020 at 90 days BBSW plus 0.56% p.a.

32. Financial Instruments (continued)

(b) Net fair values

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

	Investment	Carrying Value	Investment	Fair Value
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Listed securities	<u>63,214</u>	<u>114,656</u>	<u>188,935</u>	<u>146,084</u>

The fair value of interest rate swap contracts, being unrecognised financial instruments, are determined as the difference in present value of the future interest cash flows, including the effect of prepaying the fixed rate cash flows for twelve months, amounting to a financial liability of \$14,715,779 (2004: financial asset of \$3,516,799).

The fair value of forward exchange contracts is determined as the recognised gain or loss at balance date calculated by reference to current forward exchange rates for contracts with similar maturity profiles, amounting to a financial liability of \$1,162,428 (2004: financial asset of \$1,286,858).

(c) Credit risk exposures

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

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties

to meet their obligations under the contract or arrangement.

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

i) forward exchange contracts - the full amount of the foreign currency PBL will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the company. At reporting date the net amount was A\$Nil (2004 - A\$ 1,286,858).

ii) interest rate swap contracts - which are limited to the net fair value of the swap agreement at reporting date, being \$Nil (2004: \$3,516,779).

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

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

(d) Interest Rate Risk

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

Financial Instruments	Floating Interest Rate		Fixed Interest Rate 1 year or less		Fixed Interest Rate Over 1 to 5 years		Fixed Interest Rate more than 5 years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
FINANCIAL ASSETS														
Cash at bank	177,243	10,623	-	-	-	-	-	-	-	89,992	177,243	100,615	5.00%*	5.00%*
Cash on deposit	182,631	571,504	180,758	205,616	-	-	-	-	-	-	363,389	777,120	7.12%	5.77%
Bills of exchange and promissory notes	687,006	393,970	-	-	-	-	-	-	-	-	687,006	393,970	5.61%	5.34%
Treasury notes	3,000	3,000	-	-	-	-	-	-	-	-	3,000	3,000	5.52%	5.47%
Debentures	2,000	2,000	-	-	-	-	-	-	-	-	2,000	2,000	5.40%	5.39%
Receivables-trade	-	-	-	-	-	-	-	-	410,422	389,953	410,422	389,953	N/A	N/A
Receivables-other	-	6,000	-	37,626	-	46,975	-	-	42,386	30,190	42,386	120,791	N/A	4.70%*
Receivables - associates	-	-	-	-	-	-	-	-	15,862	690	15,862	690	N/A	N/A
Receivables - directors	-	-	-	4,159	-	2,670	-	-	-	-	-	6,829	N/A	4.48%
Listed investments	-	-	-	-	-	-	-	-	63,214	114,656	63,214	114,656	N/A	N/A
Unlisted investments	-	-	-	-	-	-	-	-	942,702	565,337	942,702	565,337	N/A	N/A
Total Financial Assets	1,051,880	987,097	180,758	247,401	-	49,645	-	-	1,474,586	1,190,818	2,707,224	2,474,961		

* THIS RATE RELATES TO THE INTEREST BEARING COMPONENTS.

Financial Instruments	Floating Interest Rate		Fixed Interest Rate 1 year or less		Fixed Interest Rate Over 1 to 5 years		Fixed Interest Rate more than 5 years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
FINANCIAL LIABILITIES														
Trade and other creditors	-	-	600	600	1,800	2,400	-	-	765,852	665,695	768,252	668,695	5.88%*	5.95%*
Bank facilities	-	12,732	-	-	-	-	-	-	-	-	-	12,732	N/A	6.30%
Bills of exchange	20,000	20,000	-	-	-	-	-	-	-	-	20,000	20,000	5.64%	5.45%
Unsecured notes	-	-	200,630	-	-	205,584	-	-	-	-	200,630	205,584	9.50%	9.50%
Other loans	-	328,822	300,000	-	-	-	-	-	-	-	300,000	328,822	2.82%	5.31%
Senior guaranteed notes	-	-	-	-	507,357	507,357	1,194,304	561,531	-	-	1,701,661	1,068,888	5.78%	6.65%
Medium term notes	-	150,000	-	250,000	150,000	-	300,000	-	-	-	450,000	400,000	6.18%	6.19%
Subordinated debt	300,000	300,000	-	-	-	-	-	-	-	-	300,000	300,000	7.85%	7.48%
Finance lease/ Hire purchase liability	-	-	4,040	4,859	298	4,188	-	-	-	-	4,338	9,047	6.60%	6.15%
Forward exchange contracts	(56,982)	(50,782)	58,144	49,495	-	-	-	-	-	-	1,162	(1,287)	N/A	N/A
Interest rate swaps	(1,495,000)	(850,000)	180,000	200,000	615,000	500,000	700,000	150,000	-	-	-	-	N/A	N/A
Total Financial Liabilities	(1,231,982)	(89,228)	743,414	504,954	1,274,455	1,219,529	2,194,304	711,531	765,852	665,695	3,746,043	3,012,481		

* THIS RATE RELATES TO THE INTEREST BEARING COMPONENTS.

33. Impact of Adopting Australian Equivalents to IFRS

PBL is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ending 30 June 2006. In 2004, the company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result, PBL established project teams to address each of the areas in order of priority. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, PBL's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when PBL prepares its first fully AIFRS compliant financial report for the year ending 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and management's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project teams; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRC; (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

RECONCILIATION OF EQUITY AS PRESENTED UNDER AGAAP TO THAT UNDER AIFRS

	NOTES	CONSOLIDATED		PARENT ENTITY	
		30 June 2005 ² \$'000	1 July 2004 ¹ \$'000	30 June 2005 ² \$'000	1 July 2004 ¹ \$'000
TOTAL EQUITY UNDER AGAAP		4,497,060	4,221,392	5,705,610	5,800,615
Adjustments to retained earnings (net of tax)					
Impairment of assets	(i)	(177,633)	(177,633)	-	-
Write-back of goodwill amortisation	(ii)	2,893	-	-	-
Deferred taxes on adoption of balance sheet method	(iii)	(226,502)	(223,996)	-	-
		(401,242)	(401,629)	-	-
Adjustments to other reserves (net of tax)					
Recognition of defined benefit pension asset	(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		<u>3,672,417</u>	<u>3,392,622</u>	<u>5,705,610</u>	<u>5,800,615</u>

(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. This would result in impairment losses being 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 \$169 million on transition to AIFRS.

II) Under AASB 3 *Business Combinations*, goodwill would not be 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. Currently, the group amortises goodwill over its useful life but not exceeding 20 years. PBL has elected not to apply AASB 3 retrospectively and hence, prior year amortisation would not be 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 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 \$227.7 million at 1 July 2004. The major components of this adjustment are Licences, Mastheads and other Intangible assets

comprising \$160 million, other Financial Assets \$45 million and Investments in Associates \$19 million.

IV) Under AASB 119 *Employee Benefits*, PBL would recognise the net surplus/(deficit) in its employer sponsored defined benefit funds as an asset/(liability). This would result in a change in PBL's current accounting policy which is 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 will be 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 will be 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 will be applied from 1 July 2005. The Financial Instruments project team is in the process of determining the impact that adopting the standards will have on the financial statements of the Group. The areas where AASB 132 and AASB 139 are expected to impact the Group are in relation to hedge accounting and also the measurement of financial assets, especially investments.

RECONCILIATION OF NET PROFIT UNDER AGAAP TO THAT UNDER AIFRS

YEAR ENDED 30 JUNE 2005	NOTES	CONSOLIDATED	PARENT ENTITY
		\$'000	\$'000
Net profit as reported under AGAAP		489,509	98,548
Amortisation of goodwill	(i)	2,893	-
Adjustment to income tax expense	(ii)	(2,506)	-
Net profit under AIFRS		489,896	98,548

(i) Under AASB 3 *Business Combinations*, goodwill is not permitted to be amortised but instead is subject to annual impairment testing. Currently, PBL amortise goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation would no longer be charged, but goodwill would be written down to the extent it is impaired.

(ii) The adjustment to income tax expense relates to the above AIFRS adjustments.

RESTATED AIFRS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

No material impacts are expected 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 will be transferred to goodwill at 1 July 2004.

IMPACT OF AIFRS ON THE BUSINESS

PBL does not believe that the adoption of AIFRS will adversely affect the Company's cash flows, tax liability or the ability to pay dividends. Nor should it affect PBL's debt ratings or the group's ability to meet debt facility covenants. PBL believes the only potential earnings volatility is if there is ineffectiveness of derivative financial instruments when AASB 139 is adopted from 1 July 2005.

Shareholder Information

A. SUBSTANTIAL SHAREHOLDERS

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

	Number of Ordinary Shares	% of Issued Capital
1. Consolidated Press Holdings Limited	258,709,250	38.44
2. Perpetual Trustees Australia Limited	59,614,152	8.86
3. Commonwealth Bank of Australia	52,747,967	7.84
4. Capital Group Companies, Inc.	40,888,740	6.07

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

B. (I) DISTRIBUTION OF SHAREHOLDERS AS AT THE DATE OF THIS REPORT:

Size of Holdings	Number of Shareholders	% of Issued Capital
1 - 1,000	39,036	2.68
1,001 - 5,000	14,414	4.59
5,001 - 10,000	1,093	1.18
10,001 - 100,000	552	2.00
100,001 +	<u>121</u>	<u>89.55</u>
Total	<u>55,216</u>	<u>100.00</u>

(II) Holding less than a marketable parcel 627

C. THE TWENTY LARGEST SHAREHOLDERS AS AT THE DATE OF THIS REPORT ARE:

Name	No. of Shares	% of shares in class
1. Bareage Pty Limited	158,486,104	23.55
2. Consolidated Press Holdings Limited	82,813,136	12.30
3. J P Morgan Nominees Australia Limited	63,599,028	9.45
4. National Nominees Limited	41,804,965	6.21
5. RBC Global Services Australia Nominees Pty Limited <PIPOOLEDA/C>	34,682,083	5.15
6. Westpac Custodian Nominees Limited <Foreign Account>	20,872,920	3.10
7. Westpac Custodian Nominees Limited	20,311,316	3.02
8. ANZ Nominees Limited (CASH INCOME A/C)	18,191,288	2.70
9. Citicorp Nominees Pty Limited <CFS WSLE Geared Shr Fnd A/C>	13,439,319	2.00
10. Cogent Nominees Pty Limited	12,527,571	1.86
11. Samenic Limited	11,136,925	1.65
12. Citicorp Nominees Pty Limited	9,436,661	1.41
13. Citicorp Nominees Pty Limited <CFS WSLE Imputation Fnd A/C>	7,946,996	1.18
14. WIN Television NSW Pty Limited	7,261,334	1.08
15. RBC Global Services Australia Nominees Pty Limited <BKCUST A/C>	7,176,815	1.07
16. UBS Nominees Pty Ltd <PRIME BROKING A/C>	6,692,031	0.99
17. Queensland Investment Corporation	6,515,467	0.97
18. AMP Life Limited	5,550,679	0.82
19. Citicorp Nominees Pty Limited <CFS Imputation Fund A/C>	5,283,530	0.78
20. RBC Global Services Australia Nominees Pty Limited <PIIC A/C>	4,816,987	0.72
Top 20 Holders	538,545,155	80.01
Others	<u>134,516,770</u>	<u>19.99</u>
	<u>673,061,925</u>	<u>100.00</u>

VOTING RIGHTS OF ORDINARY SHARES

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

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

STOCK EXCHANGE LISTING

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

ADDITIONAL INFORMATION

Shareholder Enquiries

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

Shareholders with queries about their shareholdings should contact the Share Registry, Computershare Investor Services, on telephone number 1300 855 080 or if calling from outside Australia, (61 3) 9415 4000 or by fax (61 3) 9473 2500.

Electronic Shareholder Communications

Shareholders who wish to receive email alerts informing them of significant announcements and the availability of reports on PBL's website, www.pbl.com.au, may either contact the Share Registry or lodge such instructions online at the Share Registry's website at computershare.com.

Change of Address

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

Direct Payment to Shareholders' Accounts

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

Removal from Annual Report Mailing List

Shareholders who do not wish to receive the annual report should advise the Share Registry:

- by telephone (1300 855 080 or (61 3) 9415 4000 if calling from outside Australia), or
- by email to web.queries@computershare.com.au, or
- by lodging the instruction online via Share Registry's website.

There is an option for shareholders who do not want hard copies to be notified by email when PBL's annual reports are available on PBL's website.

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

Tax File Numbers

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

Consolidation of Multiple Holdings

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

Corporate Information

DIRECTORS

James D Packer

Executive Chairman

Kerry F B Packer AC

Executive Deputy Chairman

John H Alexander BA

Chief Executive Officer & Managing Director, PBL
& Chief Executive Officer, ACP Magazines

Christopher J Anderson BEc

Executive Director

Samuel H Chisholm

Executive Director

Rowen B Craigie BEc (Hon)

Chief Executive Officer, PBL Gaming
& Chief Executive Officer, Crown

Graham A Cubbin BEc (Hons)

Rowena Danziger BA, DipEd (Qld) MACE

Ashok P Jacob MBA

Sir Laurence Muir VRD, LLB, FSIA, FAIM

Richard W Turner BEc, FCA

Robert M Whyte BEc

CHIEF FINANCIAL OFFICER

Geoffrey R Kleemann CA

GROUP GENERAL COUNSEL/COMPANY SECRETARY

Guy Jalland LLB

SECRETARY

Robert B Davis BBus, FCPA, FCIS

MAIN OFFICE

54 Park Street

Sydney NSW 2000 Australia

WEBSITE

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

AUDITOR

Ernst & Young

BANKER

Australia and New Zealand Banking Group Limited

SHARE/PARS REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street

Sydney NSW 2000

Telephone: 1 300 855 080 (within Australia)

(61 3) 9415 4000 (from overseas)

Facsimile: (61 3) 9473 2500

Website: www.computershare.com

CREDIT RATINGS

SENIOR UNSECURED DEBT

Short Term

Standard and Poor's	A – 2
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Long Term

Standard and Poor's	A –, stable outlook
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Moody's Investor Services	A3, stable outlook
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Fitch Ratings	A –, stable outlook
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SUBORDINATED UNSECURED DEBT

Long Term

Standard and Poor's	BBB, stable outlook
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Moody's Investor Services	Baa1, stable outlook
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IMPORTANT INFORMATION FOR SHAREHOLDERS

This publication includes PBL's Directors' Report, the full Financial Statements and Auditors' Report for the year ended 30 June 2005.

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

Magazines, and Investments Divisions.

The Concise Annual Report is available from Computershare Investor Services Pty Limited on request: Tel 1 300 855 080 or by fax (61 3) 9473 2500. Both the Concise Annual Report and this report can be accessed at PBL's website, www.pbl.com.au.

Corporate Directory

REGISTERED OFFICE

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

PRINCIPAL OFFICES

AUSTRALIA

ACP Magazines Limited

54 Park Street Sydney NSW 2000
Tel: (02) 9282 8000, Fax: (02) 9267 2111

Trader Classifieds

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

Trader Classifieds

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

ACP Magazines Limited

102-108 Toorak Road South Yarra VIC 3141
Tel: (03) 9823 6333, Fax: (03) 9823 6300

ACP Magazines Limited

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

TCN Channel Nine Pty Limited

24 Artarmon Road Willoughby NSW 2068
Tel: (02) 9906 9999, Fax: (02) 9958 2279

General Television Corporation Pty Limited

22 Bendigo Street Richmond VIC 3121
Tel: (03) 9429 0201, Fax: (03) 9429 3670

Queensland Television Limited

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

Territory Television Pty Limited

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

Channel 9 Canberra Bureau

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

Crown Limited

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

Crown Limited

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

Burswood Limited

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

Ticketek Pty Ltd

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

Sydney SuperDome

Olympic Boulevard
Sydney Olympic Park NSW 2127
Tel: (02) 8765 4321, Fax: (02) 8765 4333

HONG KONG

Crown Representative Office

Rooms 1707-8, 17th Floor Tower 1,
New World Tower 16-18 Queen's Road
Central Hong Kong
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Crown Representative Office

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Fax: (62 21) 5799 8060

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2 Jalan SS21/37 Damansara Uptown
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Crown Representative Office

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Wisma UOA Centre 9 Jalan Pinang
50450 Kuala Lumpur
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NEW ZEALAND

ACP Media Ltd

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

Ticketek New Zealand Limited

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

REPUBLIC OF IRELAND

Publishing and Broadcasting International Holdings Limited

Trident House, Dublin Road Naas Co. Kildare
Tel: (353) 45 856 321, Fax: (353) 45 849 110

SINGAPORE

ACP Asia Pte Limited

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Singapore 049317
Tel: (65) 6227 7900, Fax: (65) 6227 7002

Crown Representative Office

391A Orchard Road
#17-09 Tower A - Ngee Ann City,
Singapore 238873
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TAIWAN R.O.C.

Crown Representative Office

The Pacific Business Centre Suite 6, 8th Floor
No 495 Kuang Fu South Road Taipei 106
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THAILAND

Crown Representative Office

The Millennium 12th Floor, Unit 1204
62 Lansuan Road Lumpini, Patumwan
Bangkok 10330
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UNITED KINGDOM

ACP Media (UK) Limited

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Fax: (44) 207 812 6535

Channel 9 London Bureau

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Fax: (44) 207 482 2399

UNITED STATES OF AMERICA

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New York NY 10004
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Channel 9 Australia Inc

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