



**PUBLISHING AND
BROADCASTING LIMITED**
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26 February 2004

Companies Announcement Office
Australian Stock Exchange Ltd
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs

Interim Financial Statements

We attach the Interim Financial Statements of Publishing and Broadcasting Limited and its Controlled Entities for the half year ended 31 December 2003 for your information.

Yours faithfully

A handwritten signature in black ink that reads "Jennifer Mah". The signature is written in a cursive, flowing style.

Jennifer Mah
Assistant Company Secretary



PUBLISHING AND BROADCASTING LIMITED

ABN 52 009 071 167

AND CONTROLLED ENTITIES

INTERIM FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2003

PUBLISHING AND BROADCASTING LIMITED

DIRECTORS' STATUTORY REPORT

Directors

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

James Douglas Packer
Peter Wilson Yates
John Henry Alexander
Rowen Bruce Craigie
Graham Allan Cubbin
Rowena Danziger
Ashok Peter Jacob
Laurence Macdonald Muir
Kerry Francis Bullmore Packer
Richard Wallace Turner
Robert Michael Whyte

Review of Operations

The consolidated net profit of the economic entity for the half-year after tax and outside equity interests was \$273,797,000 (2002: \$187,835,000)

Group EBIT increased by 34.3% to \$387.6 million. This is primarily due to the following divisional contributions:

- ACP magazines grew EBIT by 25.0% to \$101.7 million for the half. The result reflects the continuation of strong advertising and circulation revenue growth along with the ongoing benefits of the business improvement program. Revenue increased 9.0% period on period while costs grew 4.1%, in part due to the strong revenue from increased copy sales. The operating margin for the business has increased to a record 28%. Advertising revenue increased by 12.4%, while circulation revenue increased by 8.8%. Solid copy sales growth is still being recorded on many titles, with re-launch and product upgrades in the weekly women's category driving net copy sales growth in that segment.
- The television division reported an EBIT of \$148.5 million, an increase of 24.7% on the corresponding period, reflecting a 12.7% increase in revenue offset by a 7.4% cost increase. Advertising support is being generated from a broad cross section of the market. The increase in costs of 7.4% largely reflects increases in licence fees and extra investment in local production. Excluding licence fees the increase in costs was 5.4%. Total revenue increased by 12.7% to \$452.1 million, while gross advertising revenue for the 3 major television stations increased 13.5%. The Networks East Coast market share grew to 39.1% (corresponding period - 38.6%). EBITDA margins have risen from 31.5% to 34.8%.
- Crown reported EBIT for the period of \$148.7 million, which is a \$37.5 million or 33.8% increase over the previous period result of \$111.2 million. This was primarily due to an above theoretical VIP Program win rate of 1.74% compared with the prior year's win rate of 1.35%. The above theoretical win rate had a \$36.4 million positive impact on Crown's EBIT for the period. The prior period also included a VIP Program Play result which was \$4.4 million above theoretical. Costs (excluding gaming taxes and VIP Program Play commissions, rebates, and complimentaries, which have all moved proportionately with VIP revenue) were in line with the previous corresponding period (excluding new facilities such as the Promenade Hotel and The Pub).
- Net operating cash flow was \$371.0 million, an improvement of \$127.1 million over the previous corresponding period. Earnings growth from all divisions and effective working capital management contributed to the improvement. After capital expenditure of \$71.0 million (including \$40.0 million on the second hotel at Crown), dividend payments of \$93.1 million and net investment activity of \$111.6 million, PBL reduced net debt by \$91.8 million to \$1,454.0 million.

Rounding of Amounts to Nearest Thousand Dollars

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

Signed in accordance with a resolution of the directors.



J.D. Packer
Director



P.W. Yates
Director

Sydney, 26th day of February, 2004.

PUBLISHING AND BROADCASTING LIMITED

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated	
	December 2003 \$'000	December 2002 \$'000
Revenue from ordinary activities	1,524,495	1,513,558
Expenses from ordinary activities	(1,104,957)	(1,176,749)
Borrowing costs	(79,555)	(76,955)
Share of net profit/(losses) of associate and joint venture entities	<u>6,696</u>	<u>(17)</u>
Profit from ordinary activities before income tax	346,679	259,837
Income tax expense on ordinary activities	<u>(68,202)</u>	<u>(42,720)</u>
Net profit	278,477	217,117
Net profit attributable to outside equity interests	<u>4,680</u>	<u>29,282</u>
Net profit attributable to members of PBL	<u>273,797</u>	<u>187,835</u>
Net exchange difference on translation of financial reports of foreign controlled entities	<u>(2,330)</u>	<u>4,802</u>
Total changes in equity other than those resulting from transactions with owners	<u>271,467</u>	<u>192,637</u>
Basic earnings per share (cents per share)	41.36	28.39
Diluted earnings per share (cents per share)	41.36	28.39

PUBLISHING AND BROADCASTING LIMITED
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Consolidated	
	December	June
	2003	2003
	\$'000	\$'000
Current Assets		
Cash	921,050	837,300
Receivables	453,665	386,870
Inventories and program rights	160,043	148,770
Other	<u>51,455</u>	<u>49,942</u>
Total Current Assets	<u>1,586,213</u>	<u>1,422,882</u>
Non Current Assets		
Receivables	105,359	158,797
Inventories	22,564	25,249
Investments accounted for using the equity method	317,740	280,519
Other financial assets	345,663	264,868
Property, plant & equipment	1,457,477	1,442,352
Licences and mastheads	2,921,787	2,926,150
Intangible assets	288,656	294,695
Deferred tax assets	109,674	137,596
Prepaid casino tax	83,412	84,780
Other	<u>544</u>	<u>546</u>
Total Non Current Assets	<u>5,652,876</u>	<u>5,615,552</u>
Total Assets	<u>7,239,089</u>	<u>7,038,434</u>
Current Liabilities		
Payables	585,566	538,586
Interest bearing liabilities	4,815	7,478
Tax liabilities	78,182	19,637
Provisions	<u>69,056</u>	<u>69,350</u>
Total Current Liabilities	<u>737,619</u>	<u>635,051</u>
Non Current Liabilities		
Payables	67,161	76,753
Interest bearing liabilities	2,370,266	2,375,619
Deferred tax liabilities	112,662	179,158
Provisions	<u>30,237</u>	<u>30,004</u>
Total Non Current Liabilities	<u>2,580,326</u>	<u>2,661,534</u>
Total Liabilities	<u>3,317,945</u>	<u>3,296,585</u>
Net Assets	<u>3,921,144</u>	<u>3,741,849</u>
Equity		
Contributed equity	2,182,838	2,182,838
Reserves	436,782	439,112
Retained profits	<u>1,298,361</u>	<u>1,117,055</u>
Total parent entity	3,917,981	3,739,005
Outside equity interest in controlled entities	<u>3,163</u>	<u>2,844</u>
Total Equity	<u>3,921,144</u>	<u>3,741,849</u>

PUBLISHING AND BROADCASTING LIMITED

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated	
	December 2003 \$'000	December 2002 \$'000
Cash flows from operating activities		
Receipts from customers	1,516,524	1,368,253
Payments to suppliers and employees	(950,175)	(944,396)
Dividend received	153	2,324
Interest received	21,236	13,473
Interest and other costs of finance paid	(78,844)	(77,871)
Income tax paid	(47,629)	(39,783)
Gaming tax paid	<u>(90,285)</u>	<u>(78,070)</u>
Net cash flows from operating activities	<u>370,980</u>	<u>243,930</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,021)	(59,358)
Proceeds from sale of property, plant and equipment	299	739
Purchase of equity investments	(78,918)	(6,183)
Purchase of investments in associated entities	(30,386)	(10,765)
Net proceeds from disposal of equity investments	7,689	135,452
Loans to associated entities	(17,500)	-
Repayment of advances to associated entities	10,000	7,500
Payment for mastheads	(84)	(60,026)
Purchase of film and television investments	(5,995)	(3,917)
Recovery from film and television investments	<u>3,274</u>	<u>3,427</u>
Net cash flows from/(used in) investing activities	<u>(182,642)</u>	<u>6,869</u>
Cash flows from financing activities		
Proceeds from borrowings	5,000	612,283
Repayment of borrowings	(13,013)	(427,705)
Dividends paid	(93,134)	(73,300)
Other	<u>(3,441)</u>	<u>(2,275)</u>
Net cash flows from/(used in) financing activities	<u>(104,588)</u>	<u>109,003</u>
Net increase/(decrease) in cash held	83,750	359,802
Add opening cash brought forward	<u>837,300</u>	<u>446,420</u>
Closing cash carried forward	<u>921,050</u>	<u>806,222</u>

PUBLISHING AND BROADCASTING LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS AT 31 DECEMBER 2003

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

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Publishing and Broadcasting Limited as at 30 June, 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Publishing and Broadcasting Limited and its controlled entities during the half year ended 31 December, 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards including AASB 1029 'Interim Financial Reporting' and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

	Consolidated	
	December	December
	2003	2002
	\$'000	\$'000
2. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:		
Revenues from ordinary activities		
Revenue from services	1,210,336	1,101,828
Revenue from the sale of goods	261,730	242,386
Proceeds from sale of non-current assets	8,048	135,968
Interest received	24,931	22,555
Dividends received	153	124
Other operating revenue	<u>19,297</u>	<u>10,697</u>
Revenues from ordinary activities	<u>1,524,495</u>	<u>1,513,558</u>
Expenses from ordinary activities		
Cost of sales	249,623	236,301
Expenses from (not including cost of sales):		
Television activities	307,369	283,220
Publishing activities	50,314	51,346
Gaming activities	429,621	432,922
Other activities	<u>67,005</u>	<u>63,105</u>
	<u>1,103,932</u>	<u>1,066,894</u>

PUBLISHING AND BROADCASTING LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS AT 31 DECEMBER 2003

	Consolidated	
	December 2003 \$'000	December 2002 \$'000
2. PROFIT FROM ORDINARY ACTIVITIES (cont.)		
<i>Depreciation of non-current assets</i> (included in Expenses from ordinary activities)		
Buildings	12,516	12,143
Plant and equipment	<u>34,968</u>	<u>36,322</u>
Total depreciation of non-current assets	<u>47,484</u>	<u>48,465</u>
<i>Amortisation of non-current assets</i> (included in Expenses from ordinary activities)		
Goodwill	1,446	1,464
Licence fee and management agreement	7,854	7,854
Ticketing rights	1,125	1,538
Plant and equipment under finance lease	1,617	1,645
Leasehold property	909	675
Other assets	<u>1,925</u>	<u>1,384</u>
Total amortisation of non-current assets	<u>14,876</u>	<u>14,560</u>
Total depreciation and amortisation expense	<u>62,360</u>	<u>63,025</u>
<i>Borrowing costs expensed</i>		
Debt facilities	79,178	76,448
Finance leases	<u>377</u>	<u>507</u>
Total borrowing costs expensed	<u>79,555</u>	<u>76,955</u>
Losses/(Gains)		
Net (profit)/loss on disposal of property, plant and equipment	(38)	(48)
Net foreign currency (gains)/losses	1,476	(594)
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:		
Net (profit)/loss on sale of investments	(7,022)	(115,042)
Deferred financing costs expensed	-	32,629
Provision for diminution of investments	-	15,915
Deferred online gaming costs expensed	-	12,094
Non-recurring restructure costs	-	15,346
Program costs written down	<u>-</u>	<u>13,461</u>
	<u>(7,022)</u>	<u>(25,297)</u>

PUBLISHING AND BROADCASTING LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS AT 31 DECEMBER 2003

3. SEGMENT INFORMATION

	Television		Magazines		Gaming		Unallocated		PBL Group	
	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Industry segment										
Operating revenue*										
Total	458,700	404,845	377,046	356,250	604,510	568,448	65,606	166,451	1,505,862	1,495,994
Intersegment	(2,820)	(2,425)	(808)	(734)	(741)	(303)	(1,929)	(1,529)	(6,298)	(4,991)
External customers	455,880	402,420	376,238	355,516	603,769	568,145	63,677	164,922	1,499,564	1,491,003
Interest revenue									24,931	22,555
Total revenue from ordinary activities	455,880	402,420	376,238	355,516	603,769	568,145	63,677	164,922	1,524,495	1,513,558
Segment result										
Earnings before interest, tax, depreciation and amortisation "EBITDA"	157,069	127,559	105,855	85,457	194,600	156,930	(7,580)	(18,264)	449,944	351,682
Depreciation and amortisation	(8,558)	(8,483)	(4,154)	(4,083)	(45,852)	(45,719)	(3,796)	(4,740)	(62,360)	(63,025)
Earnings before interest and tax "EBIT"	148,511	119,076	101,701	81,374	148,748	111,211	(11,376)	(23,004)	387,584	288,657
Specific items	-	(16,980)	-	(3,000)	-	(2,706)	7,022	48,283	7,022	25,597
Equity accounted share of associates' net profit/(loss)									6,696	(17)
Net interest income/(expense)									(54,623)	(54,400)
Profit from operating activities before income tax and minority interests	148,511	102,096	101,701	78,374	148,748	108,505	(4,354)	25,279	346,679	259,837
less: tax expense									(68,202)	(42,720)
Profit/(loss) from operating activities after tax	148,511	102,096	101,701	78,374	148,748	108,505	(4,354)	25,279	278,477	217,117
Total assets employed ^	1,882,348	1,794,604	1,604,099	1,556,944	2,020,286	1,985,735	1,732,356	1,622,081	7,239,089	6,959,364
Total liabilities	367,978	339,035	209,765	159,616	464,204	521,194	2,275,998	2,209,680	3,317,945	3,229,525
Acquisition of non-current assets	15,720	8,906	2,657	69,118	56,227	47,739	150,081	14,486	224,685	140,249
Investments in associates	4,764	4,764	741	150	-	-	312,235	252,273	317,740	257,187
Non-cash expenses (other than depn & amort)	(2,042)	180	728	1,911	16,029	19,274	192	95	14,907	21,460

* The revenue includes proceeds from asset sales

^ Unallocated assets include PBL Enterprises investments of \$669.3 million (2002: \$527.4 million) and unallocated cash on deposit of \$751.1 million (2002: \$528.5 million)

(b) Geographical segment

The Company operates principally within Australia.

PUBLISHING AND BROADCASTING LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS AT 31 DECEMBER 2003

	Consolidated	
	December 2003 \$'000	December 2002 \$'000
4. DIVIDENDS PAID OR PROVIDED FOR		
Dividends paid during the half-year		
Franked dividends (14c per share) (2002: 11c)	<u>92,491</u>	<u>72,736</u>
Dividends proposed and not recognised as a liability		
Franked dividends (15c per share) (2002: 11c)	<u>99,289</u>	<u>72,678</u>

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, the contingent liabilities of the consolidated entity have decreased by \$13.3 million to \$290.3 million (30 June 2003: \$303.6 million).

6. EVENTS SUBSEQUENT TO BALANCE DATE

No matter, item, transaction or event of a material nature has occurred between 31 December 2003 and the date of this report.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and of the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



J.D. Packer
Director



P.W. Yates
Director

Sydney, 26th day of February, 2004

Independent review report to members of Publishing and Broadcasting Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, and accompanying notes to the financial statements for the consolidated entity comprising both Publishing and Broadcasting Limited (the company) and the entities it controlled during the half-year ended 31 December 2003, and the directors' declaration for the company for the period ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", 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.

Review approach

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

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

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

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Publishing and Broadcasting Limited and the entities it controlled during the half year ended 31 December 2003 is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



SJ Ferguson
Partner

Sydney
26 February 2004