

**Publishing and Broadcasting Limited
Annual General Meeting – 26 October 2006**

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

This has been a watershed year for PBL – a record year for profits and revenue: earnings per share and dividends to shareholders: a year in which we have diversified to give us a capital structure for growth.

We have delivered double digit earnings and earnings per share growth.

Normalised net profit was up nearly 12 % to \$611.5 million and reported net profit was up by 25.7%.

Normalised revenue increased 6.7 % to more than \$3.56 billion.

And the annual dividend increased by 13.5 % to 59 cents a share.

Those were significant achievements of which I think we can all feel proud.

However, a bigger achievement has been the significant repositioning of the company, as we announced last week, which will give a platform for growth in our core businesses of media, entertainment, gaming and on-line.

Looking at our operations, there are two main themes emerging: the opportunities we have in Australia and internationally for our media and our gaming businesses and the success we have had in building partnerships with a range of Australian, and international companies.

In the year under review, there were three other themes:

- (i) The growing success of our equity accounted investments, especially in Pay TV and our on-line businesses like ninemsn and Seek.
- (ii) The ongoing strength of our gaming business, essentially Crown and Burswood, and the opportunities in Macau and other parts of the world.
- (iii) And the strength of our core media businesses – especially our magazines.

The activity this year in our international expansion has also been notable.

In Macau, for example, the PBL Melco joint venture has purchased a sub-licence which means now the joint venture has one of only six gaming licences to operate in all of China.

Our first property, the six star Crown Macau is targeted to open in April 2007. We recently let a \$US1.5 billion tender to Leightons for the construction of our second large project, The City of Dreams. A third site has also been purchased and is due to open in approximately three years time. Yesterday our partner Melco announced that the Hong Kong Stock Exchange had reversed an earlier decision, and had now granted permission for PBL Melco to pursue a separate stock market listing for its Asian gaming joint venture¹.

Elsewhere in the region we have joined a consortium to bid for Singapore's second Integrated Resort, at Sentosa Island. Our consortium is one of three bidding and it is expected the Government will declare a winner before the end of this year. Our partners in that bid have developed a truly stunning proposal for the Government to consider.

In Europe, PBL has expanded with the acquisition of a share, ultimately 50%, in the Aspinalls group in the United Kingdom. The UK gaming market is deregulating and we will use Aspinalls as a platform to participate in this opportunity.

In the gaming division under Rowen Craigie's leadership, we believe we have a world-class management team, and they are looking at opportunities globally.

In my address last year, I spoke of the possibility of a joint-venture with the UK based betting exchange, Betfair. The last twelve months have seen significant steps forward in this business.

Last November, the Tasmanian Government agreed to licence Betfair and we have opened our regional headquarters in Hobart. Together with our partner, we continue to work with Government, racing bodies and other stakeholders so we can offer this unique and exciting business to the racing community Australia-wide.

In our media businesses, soon to be operated under PBL Media but managed and controlled by PBL, we are launching Australia's first truly integrated media company. PBL Media will incorporate Channel Nine; ACP Magazines, which has more than 130 titles; and our on-line businesses, ninemsn and carsales.com.au.

John Alexander will be Executive Chairman and Ian Law, CEO. Chris Anderson and I will also serve on the Board of PBL Media.

Nine remains "Still The One", having won the ratings for this year already, and focusing increasingly on programming for profits, with emphasis on dominating the 25-54 year old demographic. The Nine Network experienced a difficult year in 2006 as competitive

¹ . This announcement is not an offer of securities of the PBL/Melco joint venture (the "Joint Venture") for sale in any jurisdiction, including in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities by the Joint Venture to be made in the United States will be made by means of a prospectus that may be obtained from the Joint Venture and that will contain detailed information about the Joint Venture and its management, as well as financial statements. The Joint Venture intends that any such public offering would be registered in the United States.

pressures increased and revenue tightened. However, market share for the year was still 37% and we are continuing to strive to deliver quality programming. The new management team is focused on making Nine a more profitable business.

ACP Magazines has built on the substantial success of recent years with margins continuing to improve, now exceeding 29%, thanks to a 9% gain in advertising revenue and a 4% rise in circulation sales. Among the best performers in our group were flagship weekly titles in Australia such as Womans' Day, Take 5, NW and TV Week. There was also solid growth from the launch last year of Madison, and the ongoing solid performance of the Australian Womens' Weekly which continues to be read by 1 in every 4 Australians.

PBL's gaming division reported actual EBITDA for the year of \$535 million, up 28% on last year, reflecting a significant increase from Burswood and solid growth at Crown.

Crown again achieved record revenue and earnings and remains Australia's most popular entertainment complex. Crown is the most popular tourist destination in Melbourne. Strong international VIP visitation and turnover levels resulted from a continued emphasis on customer service and relationship development. Crown's entertainment facilities achieved outstanding growth, particularly from the premium restaurant, bars and banqueting, while Crown Towers and Crown Promenade both experienced market leading occupancy levels.

We are significantly upgrading the dining experience at Crown. Last Monday we opened Neil Perry's Rockpool Bar and Grill and next year the world famous Nobu from Japan will be the second major restaurant opened in the precinct. A range of big brand restaurants are planned to be added over the next three years, designed to make Crown the ultimate dining experience in Australia.

In the second year since its acquisition by PBL, Burswood introduced a number of initiatives to improve business performance and profits and complete its integration into the group. Its commitment to improve and expand its gaming and entertainment products focused on unlocking the potential of the property to deliver a world-class entertainment experience.

The new International Room will open next month and an adjacent premium seafood restaurant is scheduled to open towards the end of the year. This will confirm Burswood as a long-term player in the international market and see the emergence of one of Australia's most prestigious gaming facilities.

As we said in our Annual Report, PBL's stable of new media assets are becoming increasingly important to us.

Foxtel and the Premier Media Group (Foxsports) are leaders in their industries with Foxtel becoming profitable for the first time this year and Foxsports continuing to perform well. Foxtel provides services to around 1.3 million subscriber homes with more than one million of these customers subscribing to the Foxtel digital product. By March 2007, all customers will receive a digital service completing a conversion that began three years earlier.

Foxsports secured a number of significant deals during the year, including NRL broadcast rights on subscription TV, a deal with the Football Federation of Australia which includes the rights for all Australian Soccer home internationals and the Hyundai A League, broadcast rights for all domestic rugby union test matches live, and rights with Cricket Australia to provide live and exclusive coverage of the domestic one day and Twenty 20 Series.

Australia's leading on-line venture, ninemsn, continues to expand and grow its audience at double digit rates.

Ninemsn itself is expanding with a number of new initiatives, including local business directories, media syndication and mobile websites. Ninemsn is a lynchpin for PBL Media to extend its existing television and magazine products through online and mobile telephony offerings.

2006 has seen tremendous results for PBL's investment in SEEK, returning an equity accounted profit of \$8.5 million in 2006 compared with \$4.8 million last year. SEEK has increased its market leadership and now has approximately 65% of the online employment market across Australia and New Zealand. It has also been a year for expansion for SEEK, acquiring a 50 % share of IDP, a leader in on-line education, and 25 % of Zhaopin, a leading Chinese employment website.

In October 2005, PBL merged several of its online assets in the classified advertising market with Australia's leading car classified site, carsales.com.au, and emerged with a 41% shareholding in the combined carsales group. This combined group is clearly the number one automotive internet classified business in Australia.

We have recently announced the purchase of an option to acquire a further 3% of carsales as well as announcing a takeover offer for the balance of the shares in carsales.com.au that we currently do not hold.

PBL recorded an equity accounted profit of \$12.8 million from Hoyts compared with \$2.8 million for the six months that it held the assets in fiscal 2005. We continue to find ways to enhance our operations. Two new cinema complexes were opened during the year at Melbourne Central and Westpoint, Blacktown.

Ticketek has performed well for the current year with increases in revenue and net profit. Over 11.1 million tickets were sold to 13,000 events and customer base expanded to 6 million consumers. In 2006, Ticketek implemented a number of key operational initiatives, a move into Western Australia and South Australia and an upgrade of the core ticketing system; all of which will enable Ticketek to remain Australia and New Zealand's leading ticketing company in a competitive environment.

We were delighted to announce that the global electronics products company, Acer, entered into a five year sponsorship agreement from May 2006 that has seen the Sydney Superdome rebranded as the Acer Arena.

A major feature of this year has been the overhaul of management and the expansion of the Board. The new CEOs, reporting to the Group Chief Executive Officer, John Alexander, to run the individual businesses are: ACP (Ian Law), Nine (Eddie McGuire), Ninemsn (Tony Faure), Ticketek (Scott Lorson) and Hoyts (Delfin Fernandez). In the year, we also created two new but important roles: Group COO, Pat O'Sullivan, and Group Sales and Marketing Director, Joe Pollard.

In conclusion, we continue to focus on margin growth; on ways to improve our businesses, and investing in the future.

In the last year total shareholder return has increased by more than 25% and we remain committed to drive PBL from both our core businesses, and our investments, in order to maximize shareholder value and worth.