



**ASX / MEDIA RELEASE
FOR IMMEDIATE RELEASE
26 February 2004**

**PBL ANNOUNCES FIRST HALF
NORMALISED NET PROFIT +32%**

- ❖ **Normalised NPAT + 32.0 % (Reported NPAT + 45.8%)**
- ❖ **Increased contributions from all core businesses**
- ❖ **Growth in operational cash flow**
- ❖ **Interim Dividend increased to 15 cents**

SYDNEY: Publishing and Broadcasting Limited (ASX: PBL) today announced a Normalised Net Profit after Tax (i.e. 'NPAT' at theoretical and before non-recurring items) for the half year to 31 December 2003 of \$241.3 million (corresponding period \$182.8 million); an increase of 32%. Reported NPAT was \$273.8 million, up 45.8% (corresponding period \$187.8 million). Normalised operating revenue increased 5.7 % to \$1,430.6 million, reported operating revenue increased 8.5% to \$1,473.8 million.

Cash flow generated by PBL's businesses increased to \$371.0 million for the half year (corresponding period \$243.9 million) an increase of \$127.1 million. PBL reduced net debt during this half by \$92 million to \$1,454 million at December 2003. This figure comprises gross debt of \$2,375 million and \$921 million cash at bank.

Executive Chairman of PBL, Mr James Packer, said " The Australian economy over the past 6 months has been strong. This has benefited many companies, our company is no exception. We have enjoyed strong growth in both consumer spending and advertising revenue. At this point in time this environment appears to be continuing."

"Over the past four years the team at ACP have improved the way their business operates and continue to look for further opportunities to improve the business. The Nine Network increased their ratings share throughout 2003, and Crown has successfully navigated a difficult trading environment," Mr Packer said.

"Our Internet businesses are now profitable and we have added to that portfolio during the year. Foxtel is poised to commence its digital rollout and consequently losses from this investment will increase in the short term," he said.

"We have invested in businesses to further grow the company. During the half PBL acquired an additional 14.2% stake in the Burswood Casino for \$78.5 million, and 25% of SEEK, Australia's leading on-line employment business, for approximately \$30.4 million," Mr Packer said.

"I am very pleased to report our half year results and announce that the interim dividend for this half has been increased to 15 cents," Mr Packer said.

Chief Executive Officer of PBL, Mr Peter Yates, said "This result was driven by earnings growth in all our core businesses. Total normalised revenue grew 5.7% which was in excess of GDP growth over the half, while costs have been held to 1.3%. This has led to normalised margins for the group growing from 25.8% to 28.9%. Our investment portfolio recorded positive equity accounted earnings."

“Our magazine business, ACP, grew EBITDA by 23.9%. Operational improvements and tight control of costs combined with the continuation of strong advertising and circulation revenue growth have driven this result. The ACP EBITDA margin is now 28%,” Mr Yates said.

“The Nine Network increased its advertising market share this period to 39.1% for the PBL owned east coast stations compared to 38.6% for the prior corresponding period, reflecting Nine’s ratings performance in calendar 2003. This ratings performance together with an upswing in the advertising cycle drove an increase in advertising revenue of 12.7%. EBITDA grew 24.5 % and EBITDA margins increased to 34.8%. Costs excluding license and APRA fees grew 5.4% during the period reflecting the highly competitive market for television programming,” he said.

“Crown has emerged from the downturn in activity caused by the introduction of smoking bans last financial year with normalised EBITDA growing 3.7% to \$158.2 million. The Crown Promenade Hotel opened successfully in December 2003 and is enjoying solid support from the Hotel and Conference market,” Mr Yates said.

“Ticketek has recorded its highest ever profit with strong ticket sales from the Rugby World Cup and concerts, combined with strong cost controls,” he said.

“Foxtel is about to take a major step in its evolution with the introduction of digital services. The completion of the \$550 million syndicated financing facility was announced last month and FOXTEL plans to launch its new digital cable and satellite services on 14 March. Foxtel expects that the digital rollout along with an improved product offering, will fuel growth in it’s subscriber base over the next 2 years,” Mr Yates said.

PBL MEDIA

Magazines

ACP magazines grew EBITDA by 23.9% to \$105.9 million for the half. Revenue increased 9.0% period on period while costs grew 4.1%, in part due to strong copy sales. The operating margin for the business has increased to 28%.

Advertising Revenue increased by 12.4%, while circulation revenue increased by 8.8%. As a category, magazine advertising in Australia, after two years of net decline, rose by 7.8%. Solid copy sales growth has been recorded on many titles, with relaunch and product upgrades in the weekly women’s category driving net copy sales growth in that segment.

Television

The television division reported an EBITDA of \$157.1 million, an increase of 24.5% 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 increased 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 Network’s East Coast market share grew to 39.1% (corresponding period 38.6%). EBITDA margins have risen from 31.5% to 34.8%.

GAMING

Crown

Crown's normalised EBITDA of \$158.2 million, was 3.7% higher than the same period last year. Reported EBITDA for the period was \$194.6 million, a 23.9% increase over the previous corresponding period. The increase was primarily due to an above theoretical VIP Program win rate of 1.74% for the half compared with the prior period's 1.35%.

The above theoretical win rate had a \$36.4 million positive impact on Crown's EBITDA for the half. The prior period also included a VIP Program Play result which was \$4.4 million above theoretical.

Crown's revenue of \$604.6 million increased by \$33.4 million or 5.8% over the previous corresponding period. VIP Program turnover decreased 11.7% to \$9.4 billion for the half compared with the same period last year, and was in line with expectations given the abnormally high win rate.

As reported previously, the introduction of smoking bans in Victorian gaming venues on 1 September 2002 had a significant impact on Crown's gaming machine revenue. Prior to the bans, gaming machine revenue was growing strongly year on year. For the period 1 July to 31 August 2003 gaming machine revenue fell by 4.7% compared to the corresponding period, which was not subject to smoking bans. For the period 1 September to 31 December 2003 Crown's gaming machine revenue exceeded the revenue achieved in the comparable prior year period, recording a growth rate in excess of GDP growth.

The 465 room Crown Promenade Hotel opened on 1 December 2003. The Hotel includes the Crown Conference Centre and is linked via an air-bridge to the main gaming floor of the casino complex. Crown Promenade has been well received by the market.

Crown's costs (excluding gaming taxes and VIP Program Play commissions, rebates, and complimentary, 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).

OTHER

Last period ecorp (including Ticketek), On-line Gaming and Head Office contributions were separately disclosed. Following closure of the ecorp Corporate Office and the On-line Gaming business, contributions from Ticketek and Head Office costs have been combined.

Ticketek's performance in the last half was driven by strong cricket sales, the Rugby World Cup, and continuing strength in the concert market driven by the surging Australian dollar. The business continued to improve its channel mix by growing on-line sales.

The improvement in 'Other' (refer attachment B) over the prior period reflects business closures as noted above and an improved Ticketek contribution.

PBL ENTERPRISES

PAY TELEVISION

Foxtel

Foxtel's revenues for the half grew 27% to \$368 million. PBL has included an equity accounted loss of \$10.1 million (tax effected) for the period, compared to \$8.2 million in the first half of last financial year. Foxtel currently has around 1.07 million subscribers.

Foxtel is committed to launching the new digital service on 14 March. The service will offer a range of 130 channels along with key interactive features.

Fox Sports (Premier Media Group)

Fox Sports has recently changed its name to Premier Media Group. PBL has a 50% interest in Premier Media Group, a supplier of sports and other channels to Australia's leading Pay TV distributor Foxtel and also to Austar. Premier Media Group has approximately 1.49 million subscribers. PBL has included an equity accounted profit of \$8.1 million (tax effected) for the period compared to \$8.9 million in the prior period.

Premier Media Group is planning to introduce 2 new digital channels, *Fuel* and the *How To Channel* which it will supply to Foxtel.

Sky News Australia

This Australian Pay TV news channel, in which PBL has a one third interest, supplies product to Foxtel, Optus and Austar, and is trading profitably.

DIGITAL MEDIA BUSINESSES

The first half of FY2004 has started strongly for PBL's digital media businesses.

ninemsn

PBL has recorded an equity accounted profit of \$3.1 million for the ninemsn business compared with a loss of \$2.0 million in the prior period.

SEEK

PBL acquired 25% of SEEK on 31st October 2003. SEEK is Australia's leading on-line recruitment business and has achieved consistent growth over the past 5 years and is in its second year of profitability. PBL has included an equity accounted profit of \$0.5 million for the two months.

FILM AND TELEVISION PRODUCTION

New Regency

Television and movie production company New Regency continued to grow the quality and depth of its film library and enjoyed the ongoing success of its television joint venture with Fox, particularly with *Malcolm in the Middle*.

New Regency has a number of new movies in various stages of production or scheduled for release including *Mr and Mrs Smith* starring Brad Pitt and Angelina Jolie, *First Daughter* starring Katie Holmes and Michael Keaton, *Stay* starring Ewen McGregor and Naomi Watts and *Man On Fire* starring Denzel Washington.

TMS

Following its recapitalisation in financial year 2003 PBL now owns 24 % of TMS.

AFIG (formerly Wizard Mortgage Corporation)

AFIG has grown its loan book by 20% to \$16.5 billion. PBL has included an equity accounted profit of \$4.0 million compared to \$1.0 million in the prior comparable period.

NON-RECURRING ITEMS

A \$7.0 million after tax gain was recorded on the sale of PBL's interest in Monster Asia.

FINANCIAL

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 at December to \$1,454.0 million.

DIVIDEND

The Directors have announced today an increased fully franked interim dividend on ordinary shares of 15 cents per share payable on 15 April, 2004 to shareholders registered on the books close date at 5.00pm on 31 March, 2004.

CONCLUSION

Executive Chairman of PBL, Mr James Packer said " The Management team has done an outstanding job in running PBL and the board wishes to thank them for their efforts and congratulate them on the result."

ENDS

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by PBL are available on the company website at www.pbl.com.au. After accessing the site click on "Investor Info" at the top of the home page and then on Media Releases.



PBL GROUP RESULT
Six Months ended 31 December 2003

Normalised Results				Actual Results		
6 mths ended Dec 2002 Actual \$ M	6 mths ended Dec 2003 Actual \$ M	% movement on Normalised		6 mths ended Dec 2002 Actual \$ M	6 mths ended Dec 2003 Actual \$ M	% movement on Actual
<u>1,353.4</u>	<u>1,430.6</u>	5.7%	OPERATING REVENUE	<u>1,358.8</u>	<u>1,473.8</u>	8.5%
<u>349.0</u>	<u>413.6</u>	18.5%	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION	<u>351.7</u>	<u>450.0</u>	27.9%
<u>63.1</u>	<u>62.4</u>		Depreciation & Amortisation	<u>63.1</u>	<u>62.4</u>	
<u>285.9</u>	<u>351.2</u>	22.8%	EARNINGS BEFORE INTEREST & TAX	<u>288.6</u>	<u>387.6</u>	34.3%
<u>54.4</u>	<u>54.6</u>		Net Interest	<u>54.4</u>	<u>54.6</u>	
<u>231.5</u>	<u>296.6</u>	28.1%	PROFIT BEFORE TAX	<u>234.2</u>	<u>333.0</u>	42.2%
<u>44.8</u>	<u>57.3</u>		Taxation	<u>44.8</u>	<u>68.2</u>	
<u>186.7</u>	<u>239.3</u>	28.2%	PROFIT AFTER TAX	<u>189.4</u>	<u>264.8</u>	39.8%
<u>0.0</u>	<u>6.7</u>		Equity Accounted Result ⁽²⁾	<u>0.0</u>	<u>6.7</u>	
<u>(3.9)</u>	<u>(4.7)</u>		Minority Interests	<u>(3.9)</u>	<u>(4.7)</u>	
<u>182.8</u>	<u>241.3</u>	32.0%	NET PROFIT BEFORE NON RECURRING ITEMS	<u>185.5</u>	<u>266.8</u>	43.8%
<u>2.3</u>	<u>7.0</u>		Non recurring Profit/(Loss) after tax	<u>2.3</u>	<u>7.0</u>	
<u>185.1</u>	<u>248.3</u>	34.1%	NET PROFIT/(LOSS) AFTER NON RECURRING ITEMS	<u>187.8</u>	<u>273.8</u>	45.8%

(1) Adjusted to show underlying NPAT, ie. excluding above theoretical win rate on VIP Program Play of \$ 25.5 million (\$36.4 million pre tax less income tax of \$10.9 million) in 2003 and adjusting for below theoretical win rate of \$2.6 million (no tax effect) in 2002; with theoretical win calculated at 1.28%.

(2) Includes:
 25% of Foxtel
 50% of Fox Sports (Premier Media Group)
 50% of ninemsn
 25% of AFIG (formerly Wizard Financial Services)
 24% of TMS
 25% of SEEK (for two months)



PBL DIVISIONAL RESULTS
Six Months ended 31 December 2003

Normalised Results			Actual Results			
6 Mths ended Dec 2002 At theoretical \$ M	6 Mths ended Dec 2003 At theoretical \$ M	% movement on Normalised		6 Mths ended Dec 2002 Actual \$ M	6 Mths ended Dec 2003 Actual \$ M	% movement on Actual
			REVENUE			
401.0	452.1	12.7%	Television	401.0	452.1	12.7%
345.2	376.3	9.0%	Magazines	345.2	376.3	9.0%
564.1	561.4	(0.5)%	Crown	571.2	604.6	5.8%
43.1	40.8		Other	41.4	40.8	
<u>1,353.4</u>	<u>1,430.6</u>	5.7%		<u>1,358.8</u>	<u>1,473.8</u>	8.5%
			EXPENDITURE			
274.8	295.0	7.4%	Television	274.8	295.0	7.4%
259.7	270.4	4.1%	Magazines	259.7	270.4	4.1%
411.5	403.2	(2.0)%	Crown	414.2	410.0	(1.0)%
58.4	48.4		Other	58.4	48.4	
<u>1,004.4</u>	<u>1,017.0</u>	1.3%		<u>1,007.1</u>	<u>1,023.8</u>	1.7%
			EBITDA			
126.2	157.1	24.5%	Television	126.2	157.1	24.5%
85.5	105.9	23.9%	Magazines	85.5	105.9	23.9%
152.6	158.2	3.7%	Crown	157.0	194.6	23.9%
(15.3)	(7.6)		Other	(17.0)	(7.6)	
<u>349.0</u>	<u>413.6</u>	18.5%		<u>351.7</u>	<u>450.0</u>	27.9%
25.8%	28.9%		EBITDA / REVENUE	25.9%	30.5%	

- (1) Adjusted to show underlying EBITDA; ie. excluding above theoretical win rate on VIP Program Play, with theoretical win calculated at 1.28%.



Attachment C

NON RECURRING ITEMS
Six Months ended 31 December 2003

\$m

- Profit on sale of Monster (Asia)

7.0

7.0
