

Full Financial Report 2007



Publishing and Broadcasting Limited
ABN 52 009 071 167

Contents

Contents

Corporate Governance Statement	1
Remuneration Report	6
Directors' Statutory Report	20
Auditor's Independence Declaration	24
Independent Audit Report	25
Directors' Declaration	26
Income Statement	27
Balance Sheet	28
Cash Flow Statement	29
Statement of Recognised Income and Expense	30
Notes to the Financial Statements:	31
1. Summary of significant accounting policies	31
2. Segment information	37
3. Revenue and expenses	39
4. Dividends paid and proposed	40
5. Income tax	41
6. Discontinued operations	42
7. Trade and other receivables	45
8. Inventories	45
9. Program rights	45
10. Other assets	46
11. Assets classified as held for sale	46
12. Investments accounted for using the equity method	46
13. Available-for-sale financial assets	48
14. Other financial assets	48
15. Property, plant and equipment	48
16. Licences and mastheads	50
17. Other intangible assets	51
18. Impairment testing of goodwill and casino licences	52
19. Trade and other payables	52
20. Interest-bearing loans and borrowings	53
21. Provisions	54
22. Liabilities directly associated with the assets classified as held for sale	55
23. Contributed equity	55
24. Reserves and retained earnings	56
25. Minority interests	57
26. Expenditure commitments	58
27. Cash flow statement reconciliation	59
28. Events after the balance sheet date	60
29. Superannuation commitments	60
30. Executive Share Plan	61
31. Contingent liabilities and related matters	62
32. Auditors' remuneration	63
33. Earnings per share	63
34. Key management personnel disclosures	64
35. Related party disclosures	67
36. Investment in controlled entities	68
37. Deed of cross guarantee	69
38. Financial instruments	70
Shareholder Information	74
Corporate Information	76

Corporate governance is an important matter to Publishing and Broadcasting Limited (**PBL**) and to the Board of Directors (the **Board**). The Board is ultimately responsible for the corporate governance of PBL, notwithstanding the existence of a Board-convened Audit & Corporate Governance Committee, of which one of its purposes is to review and develop corporate governance policies which are appropriate for PBL.

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.

The Board has reviewed the *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations* (March 2003). There are some Recommendations that PBL has not adopted and the reasons for why PBL has not adopted them are noted in this Statement.

This Statement describes the main corporate governance practices in place at PBL during the year, and for ease of reading is divided into three main sections:

1. The Board
2. PBL Board Committees
3. PBL Policies

Where to locate PBL Corporate Governance information online

To find corporate governance information on PBL, visit the PBL corporate website at www.pbl.com.au. Once there, select the **Corporate Governance** tab from the menu. This Statement, as well as other corporate governance related documents (including certain Committee Charters and policies) are available on our website.

1. The Board

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. These specialist Committees are able to focus on a particular area of the Board's responsibility and provide informed feedback to the Board for its consideration. Details of each PBL Board Committee are included from page 4.

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 and investments and disinvestments in excess of A\$50 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 policies identified on page 5 of this Statement
- › Other matters as determined from time to time by the Board.

Delegation to management

Responsibility for those matters not specifically reserved for the Board are allocated to management (such as the day-to-day management of the operations and administration of PBL). These matters are subject to oversight by the Board.

Corporate Governance Statement

Continued

Structure and composition of the Board

At the date of this Statement, the Board comprises 12 Directors, with an equal number of independent and non-independent Directors.

Independent	Term of Office*	Non-independent	Term of Office*
Chris Corrigan <i>Non-Executive Director</i>	one year six months (appointed 8 March 2006)	James Packer <i>Executive Chairman</i>	15 years five months (appointed 28 April 1992)
Rowena Danziger <i>Non-Executive Director</i>	10 years (appointed 17 September 1997)	Christopher Anderson <i>Executive Deputy Chairman</i>	three years three months (appointed 9 June 2004)
Geoff Dixon <i>Non-Executive Director</i>	one year four months (appointed 31 May 2006)	John Alexander <i>CEO & Managing Director</i>	seven years nine months (appointed 16 December 1999)
David Lowy <i>Non-Executive Director</i>	one year four months (appointed 31 May 2006)	Rowen Craigie <i>Executive Director</i>	five years eight months (appointed 9 January 2002)
Chris Mackay <i>Non-Executive Director</i>	one year six months (appointed 8 March 2006)	Ashok Jacob <i>Non-Executive Director</i>	eight years 10 months (appointed 9 November 1998)
Richard Turner <i>Non-Executive Director</i>	eight years 10 months (appointed 9 November 1998)	Michael Johnston <i>Non-Executive Director</i>	one year nine months (appointed 16 December 2005)

* To the nearest full month/year as at 15 September 2007.

The Executive Chairman of the Board is Mr James Packer.
The PBL CEO & Managing Director is Mr John Alexander.

The Board considers that its present composition allows for efficient and expedient decision-making for the size and scope of PBL's operations. Each Director brings to the Board skills, experience and expertise from a variety of disciplines. Further details on 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 under the Directors' Statutory Report on page 20.

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 his or her independence.

Independence is determined according to the following criteria:

- ▶ the Director 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 the Director has not been employed in an executive capacity by PBL or a PBL Group company, or been a Director after ceasing to hold any such employment
- ▶ within the last three years the Director has not been a principal of a material professional adviser or a material consultant to PBL or another PBL Group company, or an employee materially associated with the service provided
- ▶ the Director 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
- ▶ the Director has no material contractual relationship with the PBL Group other than as a Director of PBL
- ▶ the Director 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

The materiality thresholds for determining the independence of the Non-Executive Directors are as follows:

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 A\$2 million to advisers or consultants
- ▶ in respect of customers, where PBL supplies products or services in excess of A\$2 million per annum
- ▶ in respect of suppliers, where PBL purchases goods or services in excess of A\$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 all of the following:

- ▶ Directors having the appropriate skills and experience
- ▶ a number of Directors being independent, per the criteria set out under the heading **Independence of Directors**
- ▶ appointing a Chairman who 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 (or has another potential conflict), other than as a shareholder, the Director will not be permitted to take part in any discussion concerning the matter or to vote on the matter. The enforcement of this requirement ensures that the interests of shareholders as a whole are pursued, and are 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 Executive Chairman the nature of the advice to be sought and the party from whom the advice is to be sought. The Executive 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.

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:

- › a 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, consideration of 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
- › 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 or made more efficient by the formation of a Nomination Committee, since the appointment of any new Board member is a matter reserved for the Board and requires the consent of all existing Board members. No new Directors were appointed this year.

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. Each new Board member is provided with an induction kit upon appointment to the Board which provides the Director with:

- › an understanding of each of PBL's businesses and the markets in which it operates
- › a review and understanding of PBL's major investments including any joint ventures in which PBL has an interest
- › a copy of PBL's Constitution and Corporate Governance Statement
- › the key performance indicators relevant to PBL's businesses
- › an overview of the various regulatory environments in which PBL operates

Each new Board member has full access to the management at PBL and each PBL Group company and is encouraged to meet with management to discuss the induction kit or matters concerning PBL or its businesses generally.

Re-election of Directors

In accordance with PBL's Constitution, at each Annual General Meeting (**AGM**) a number of the Directors 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 at each AGM. 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.

Board and Director, and Board Committee performance evaluation

A performance evaluation of the Board and its Committees shall be undertaken by way of a questionnaire sent to each Board and Committee member. The questionnaire will cover the role, composition, procedures and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Board/Committee member, with questionnaire responses to be provided to the Chairman of the Audit & Corporate Governance Committee for his consideration and provision to the Executive Chairman of the Board.

Board and Committee meetings

The number of Directors' Board and Committee meetings and the number of meetings attended by each Director during the year are disclosed in the Directors' Statutory Report on page 24.

The Board's access to information

All Directors have unrestricted access to the Joint Company Secretaries of PBL. The Company Secretaries are responsible for:

- › advising the Board on all governance matters
- › coordinating the completion and despatch of the agenda and Board papers for each meeting, with the Board papers to include:
 - all matters operational, financial, strategic and compliance which are important to PBL
 - a written report to the Board from the PBL CEO and the CEO of each of PBL's major businesses
 - draft minutes of the previous meeting of the Board for the Board's consideration and approval
- › ensuring the Board receives sufficient information and in a form and timeframe to enable the Board to discharge its duties effectively.

The Board as a whole is responsible for the appointment and removal of the Company Secretaries.

Remuneration of Board members and Senior Executives

Full details of Director and Senior Executive remuneration are provided in the Remuneration Report, commencing on page 6.

Corporate Governance Statement

Continued

2. PBL Board Committees

The Board has established a number of Committees to assist the Board 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 Board meeting.

Board Committee structure and membership

The members of each Board Committee are:

Committee	Members
Audit & Corporate Governance	Richard Turner (Chair) Rowena Danziger Michael Johnston
Finance	Chris Mackay (Chair) Michael Johnston Richard Turner
Investment	James Packer (Chair) John Alexander Chris Corrigan Ashok Jacob
Occupational Health & Safety	Rowena Danziger (Chair) Michael Johnston
Remuneration	James Packer (Chair) Chris Anderson
Risk Management	Geoff Dixon (Chair) Rowena Danziger David Lowy

Details of the Committees in operation at the date of this Statement are outlined below. Committee meeting dates and member attendance are outlined on page 24 of the Directors' Statutory Report.

(a) Audit & Corporate Governance Committee

PBL has a Board-convened Audit & Corporate Governance Committee which is comprised of only Non-Executive Directors of PBL, has a majority of independent Directors and has a Chairman who is an independent Non-Executive Director and is not Chairman of the Board of PBL.

The members of the Committee and their relevant qualifications are:

Director	Qualifications (see also from page 20)
Richard Turner (Chair)	AM, BEc, FCA. Before his retirement in 1994, Mr Turner was the Chief Executive Officer of Ernst & Young and an audit partner.
Rowena Danziger	BA, TC, MACE. Whilst a Director of PBL, Mrs Danziger has had extensive experience in various educational institutions. Mrs Danziger was the headmistress of Ascham School, Sydney.
Michael Johnston	BEc, CA. Mr Johnston is the Finance Director of Consolidated Press Holdings. Prior to his appointment with CPH, Mr Johnston was a senior partner in the Australian member firm of Ernst & Young.

The Committee reviews its charter at least annually and refers any proposed changes to Board for approval. A copy of the Charter of the Committee is included on the PBL website under **Corporate Governance**.

The main functions of the Committee are to approve and recommend to the Board the half-year and full-year financial report of PBL, review the independence and competence of PBL's external auditors (independently from any management of PBL), review the continuous disclosure obligations of PBL and review and develop the corporate governance policies it considers appropriate for PBL. Minutes of each meeting of the Committee are provided to the Board. Management and external advisers attended meetings during the year at the request of the Committee.

Details of meetings and member attendance are outlined in the Directors' Statutory Report at page 24.

(b) Finance Committee

The role of the Finance Committee is subject to its Charter and to the direction and control of the Board. The Committee is authorised to approve the entering into contracts and leases, facilitate borrowings for the PBL Group, appoint attorneys for document execution, guarantee the obligations of subsidiaries and other transactions involving the general business of PBL.

(c) Investment Committee

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

(d) Occupational Health & Safety Committee

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

(e) Remuneration Committee

The Remuneration Committee is subject to the direction and control of the Board. The purpose of the Remuneration Committee is to review and recommend appropriate Directors' Fees to be paid to Non-Executive Directors. Further details of the Board-convened Remuneration Committee are included in the Remuneration Report on page 18.

Non-compliance

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 achieves and reflects the outcomes embodied in the Best Practice Recommendations.

(f) Risk Management Committee

The Risk Management Committee of the Board is subject to the direction and control of the Board. The purpose of the Committee is to provide strategic risk management leadership, oversight and analysis to the Board. Details of PBL risk management and the Risk Management Policy are outlined at page 5.

3. PBL Policies

PBL has implemented a number of policies and procedures to ensure good corporate governance practices are in place across the organisation. These policies include:

- (a) a Securities Trading Policy
- (b) a Continuous Disclosure Policy
- (c) a Communications Policy
- (d) a Risk Management Policy
- (e) Codes of Conduct for PBL Directors and for PBL employees
- (f) a Remuneration Policy (outlined in the PBL Remuneration Report at page 6)

A summary of each Policy is provided below. A complete copy or summary of each Policy is available on the PBL website under **Corporate Governance**.

(a) Securities Trading Policy

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. PBL has implemented a Securities Trading Policy that regulates dealings by its employees in shares and other securities issued by PBL. Specific requirements of the policy include a requirement that PBL employees do not "short-term trade" (i.e. buy and sell PBL shares and securities within a 12-month period); and the establishment of "Trading Windows", where PBL employees cannot trade from 1 December up to and including the day on which the half-year results are released and from 1 June up to and including the day on which the yearly results are released. In exceptional circumstances clearance may be given for a Director or an employee to sell (but not to buy) shares, but not while a matter exists which constitutes unpublished, price-sensitive information. This Policy operates in addition to the legal prohibitions in the *Corporations Act 2001* on insider trading. A copy of this Policy is included on the PBL website under **Corporate Governance**.

(b) Continuous Disclosure Policy

In order to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules, PBL has implemented a Continuous Disclosure Policy for PBL Group senior executives. Where a senior executive becomes aware of information that might constitute Material Information, the individual must advise the CEO, the PBL Group General Counsel/Company Secretary or a member of the Board Audit & Corporate Governance Committee immediately for consideration and disclosure (if appropriate). A copy of this Policy is included on the PBL website under **Corporate Governance**.

(c) Communications Policy

The Board aims to ensure that PBL shareholders are informed of all major developments affecting PBL in an accessible and understandable manner. Information is communicated to shareholders through the Full Financial and Concise Annual Reports, disclosures made to the ASX (available on the PBL website shortly after receiving confirmation from the ASX that the announcement has been released to the market), notices and explanatory memoranda of each AGM or other meeting of shareholders (each notice of meeting is posted on the PBL website) and through the AGM. PBL encourages its shareholders to attend its AGM to canvass relevant issues of interest. A copy of this Policy is included on the PBL website under **Corporate Governance**.

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.

(d) Risk Management

PBL has in place risk management policies and procedures which identify, assess, monitor and manage risk, and 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 *ASX Corporate Governance Council's 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.

A summary of the PBL Risk Management Policy is included on the PBL website under **Corporate Governance**.

(e) Codes of Conduct for PBL Directors and PBL employees

PBL has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and its employees at all times. These Codes of Conduct are available on the PBL website under **Corporate Governance**.

Remuneration Report

This Remuneration Report (**Report**) outlines the remuneration arrangements for PBL's directors and senior executives in accordance with the requirements of the *Corporations Act 2001* and its Regulations. It also provides the audited remuneration disclosures required by Accounting Standard AASB 124 *Related Party Disclosures* which have been included in accordance with Corporations Regulation 2M.6.04.

The remuneration disclosures in this Report cover the PBL key management personnel as follows:

1. from page 10, the senior executives of PBL, including certain Executive Directors (Mr Anderson, Mr Alexander, Mr Craigie and Mr Chisholm) and all other executives having the authority and responsibility for planning, directing and controlling the activities of the PBL Group (the **Senior Executives**), which includes both the five executives of PBL and the five executives of the PBL Group receiving the highest remuneration for the year;
2. on page 18, the Executive Chairman Mr James Packer; and
3. from page 18, the Non-Executive Directors.

Changes to the PBL Group during the year

The PBL Group has undergone considerable change during the year. In October 2006 PBL announced that it had sold 50 percent of its traditional media assets to funds managed by CVC Asia Pacific and CVC Capital Partners (**CVC**). Mr Ian Law and Mr Pat O'Sullivan commenced employment with PBL Media in November 2006.

In March 2007 PBL announced the creation of a new International Business Development Group and consequential changes to the management structure of its gaming operations. Mr Rowen Craigie the CEO of PBL Gaming, relinquished his joint role as CEO of Crown Melbourne, replaced by Mr David Courtney (previously CEO of Burswood).

On 6 June 2007 CVC converted its convertible notes into ordinary shares and units representing a 50 percent equity interest in PBL Media. From this date, PBL Media (and its subsidiaries) were no longer part of the PBL consolidated group. Accordingly, the remuneration disclosures for Mr Ian Law, Mr Pat O'Sullivan, Mr Eddie McGuire and Mr Jeffrey Browne, each a PBL Media executive at the date of this Report, are provided to 6 June 2007, being the date PBL Media and its subsidiaries ceased being a part of the PBL consolidated group.

On 8 May 2007 PBL announced its intention to split its businesses into two publicly-listed companies – a gaming company and a media company. The restructure is intended to be implemented through schemes of arrangement in PBL and Crown, to be put to shareholders for approval in November 2007. The proposed restructure does not impact the disclosures for Senior Executives for the 2007 financial year.

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 Senior Executives and Non-Executive Directors is separate and distinct. Mr James Packer did not receive remuneration for his services to PBL during the year.

Internal processes have been established for determining the remuneration of the Senior Executives.

The Remuneration Committee bears the responsibility of determining the appropriate remuneration for the Non-Executive Directors.

(a) Senior Executives

The Senior Executives identified below were the executives who had the authority and responsibility for the planning, directing and controlling of the activities of the PBL Group during the financial year ended 30 June 2007. They include the five most highly remunerated executives of PBL and the PBL Group during the year. A number of the key management personnel were appointed to their positions during the year.

Executive Directors

Chris Anderson	Executive Deputy Chairman
John Alexander	CEO & Managing Director
Rowen Craigie	CEO PBL Gaming; CEO Crown Melbourne (until 6 March 2007); Executive Director
Sam Chisholm	Executive Director (Director until 13 July 2006, consulting agreement terminated 15 October 2006)

Other key management personnel

<i>PBL</i>	
Martin Dalglish	CEO New Media
Guy Jalland	Group General Counsel and Joint Company Secretary
Geoff Kleemann	CFO
Anthony Klok	Business Development Director (until 30 June 2007)
Gregg Haythorpe	Director – Business Development, Facilities and Special Projects (until 30 June 2007)
<i>The PBL Group</i>	
David Courtney	CEO Burswood (until 5 March 2007); CEO Crown Melbourne (from 6 March 2007)
Ian Law*	CEO ACP Magazines (until 7 November 2006); CEO PBL Media
Eddie McGuire AM*	CEO Nine Network Australia (until 30 June 2007)
Jeffrey Browne*	Executive Director, Nine Network Australia
Pat O'Sullivan*	COO PBL (until 1 November 2006); CFO PBL Media

* PBL Media executive disclosures to 6 June 2007.

(b) Remuneration structure for the Senior Executives

The remuneration structure incorporates a mix of fixed and performance-based remuneration. Senior Executives may be eligible to participate in PBL's Executive Share Plan (**ESP**). An overview of the ESP is set out on pages 8 and 9.

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

Percentage of total target remuneration			
	Fixed Remuneration	Short-Term Incentive	Long-Term Incentive (including ESP)
Executive Directors			
Chris Anderson	93%	0%	7%
John Alexander	55%	0%	45%
Rowen Craigie	56%	29%	15%
Sam Chisholm	100%	0%	0%
Other key management personnel			
Martin Dalgleish	71%	18%	11%
Guy Jalland	92%	0%	8%
Geoff Kleemann	81%	12%	7%
Anthony Klok	67%	26%	7%
Gregg Haythorpe	99%	0%	1%
David Courtney	53%	30%	17%
Ian Law*	43%	51%	6%
Eddie McGuire AM*	95%	0%	5%
Jeff Browne*	98%	0%	2%
Pat O'Sullivan*	45%	51%	4%

* PBL Media executive disclosures to 6 June 2007.

Fixed remuneration

Fixed remuneration is determined with reference to available market data, considering the scope and any unique aspects of an individual's role and having regard to the calibre of the individual. 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 Senior Executive's position, the geographic location of the Senior Executive, and is competitive in the market.

Fixed remuneration for the Senior Executives (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 Senior Executive is employed. The CEO & Managing Director may discuss and finalise the setting and review of fixed remuneration with the Executive Chairman.

The review process includes consideration of the performance of the Senior Executive, performance of the business division in which the Senior Executive is employed, relevant comparative remuneration in the market, and if necessary, external advice on policies and practices.

Fixed remuneration for the CEO & Managing Director is reviewed and set annually following consideration by the Executive Chairman, with reference to the performance of the CEO & Managing Director and the performance of PBL.

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

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

Performance-based remuneration

Performance-based components seek to align the rewards attainable by Senior Executives (excluding Mr Chisholm) with the achievement of particular objectives and the creation of shareholder value over the short and long-term, and are detailed further below.

(i) Short-Term Incentives (STIs)

The remuneration of the Senior Executives is linked to PBL's short-term performance through a cash-based 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 employment contracts of some Senior Executives may specify an indicative maximum STI, and if applicable is set out in the summary of their employment contract from page 11.

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, operational efficiencies, people management and development and execution of key initiatives) are also chosen where they are within a Senior Executive's sphere of influence and are relevant to the Senior Executive's area of work, as these metrics are aligned with the achievement of PBL's business plan.

The performance of each Senior Executive against the financial and non-financial KPIs is reviewed on an annual basis. Whether KPIs have been achieved is determined at the discretion of the CEO & Managing Director having regard to the operational performance of the division in which the Senior Executive is involved and the CEO & Managing Director's assessment of the attainment of the individual's KPIs. Where the Senior 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. Determination is the same for Senior Executives who are not employees of PBL but employees of the PBL Group, though the input of the relevant divisional CEO is also sought.

Remuneration Report

Continued

PBL deems it appropriate that the CEO & Managing Director (with the assistance of the divisional CEOs and Executive Chairman, as appropriate) assess the performance of each Senior Executive against their individual KPIs as he is best placed to review and assess whether the Senior Executive has met the performance conditions established with him (or the relevant divisional CEO) at the commencement of the financial year.

The CEO & Managing Director's eligibility for an STI is determined by the Executive Chairman on behalf of the Board.

If a Senior Executive leaves the employ of PBL (except the CEO & Managing Director), it is at the discretion of the CEO & Managing Director whether to make payment of that year's STI to that individual. If the CEO & Managing Director leaves the employ of PBL, payment of STIs is at the discretion of the Board (or its nominee or Committee).

The 2007 STIs (including the percentage of STIs paid and forfeited this year) are detailed at (e) below.

(ii) Long-Term Incentives (LTIs)

The Senior Executives listed below may be eligible to receive an LTI in financial years FY08, FY09 and FY10. LTIs were paid to Mr Alexander and Mr Courtney this year to reflect the value which had accrued in the NSA Cash Bonus LTI to 30 August 2006. Further details are outlined below. No LTIs vested or were forfeited this year. The maximum possible total values of the LTI are identified below.

On 30 August 2006 the employment contracts for Mr Courtney and the senior management of the PBL Gaming Division participating in the PBL Gaming LTI were amended to cancel the NSA component of their LTI, and in their place to allot ESP Shares. Mr Courtney received a payment of \$663,750 on 15 September 2006 reflecting the value which had accrued in the NSA Cash Bonus LTI to 30 August 2006. Also with effect from that date it was agreed that a similar component of the LTI arrangements for Mr Alexander and Mr Craigie be converted (1,000,000 ESP Shares and 500,000 ESP Shares respectively). In accordance with Listing Rule 10.14, these issues of shares to Directors were approved by shareholders at the 2006 AGM.

A payment of \$5,300,000 was made to Mr Alexander on 9 June 2007 (being what would have been the third anniversary of his participation in the LTI) to reflect the value which had accrued in

the NSA Cash Bonus LTI to 30 August 2006. A payment of \$1,475,000 shall be made to Mr Craigie on 1 July 2008.

PBL Gaming LTI

The Senior Executives listed in the table below and selected senior management of the PBL Gaming Division may be eligible to participate in the PBL Gaming LTI. This LTI is subject to the PBL Gaming Division achieving its internal EBITDA targets. The EBITDA performance condition seeks to reward these executives for the long-term underlying earnings growth in the PBL Gaming Division.

The executives may earn the maximum EBITDA Cash Bonus apportioned over the financial years FY08, FY09 and FY10. The LTI for the Senior Executives will be paid in three tranches (outlined in the table below) if the 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 FY10 and will be payable if the total aggregate EBITDA for Crown and Burswood for all three financial years exceeds the sum of the EBITDA internal targets for FY08, FY09 and FY10 in aggregate.

The CEO and Managing Director will determine if the EBITDA target has been met by reference to the audited financial reports of the Group, and will provide the data to the Executive Chairman for his ratification.

(iii) Executive Share Plan

An Executive Share Plan was approved by shareholders at the 1994 AGM. During the year, PBL made a number of issues under the ESP. The ESP permits the acquisition of PBL 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 percent 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 five Business Days up to and including the date that the offer of PBL shares is accepted, calculated by the Company Secretary
- ▶ on completion of each year of service after the issue date 25 percent of a participating executive's PBL shares is released from restrictions on transfer, with the loan repayable in Year 5 (**Expiry Date**)

Long-Term Incentives for Senior Executives

Senior Executive	NSA Cash Bonus LTI (cancelled 30 August 2006)			EBITDA Cash Bonus LTI (PBL Gaming LTI)			
	Total number of shares, LTI grant date	Base Share Price	Vesting Schedule (% of total shares and Test Date)	Amount (maximum)	Apportionment and Test Date (payable where Gaming Division meets internal EBITDA targets)		
			Year 3		Year 4	Year 5	Year 3 (30%)
John Alexander	Cancelled – Mr Alexander now participates in the ESP. Further details on his participation are provided on page 9.			Does not participate – PBL Gaming Division executives only.			
Rowen Craigie	Cancelled – Mr Craigie now participates in the ESP. Further details of his participation are provided on page 9.			\$5,000,000	\$1,500,000 30 June 08	\$1,000,000 30 June 09	\$2,500,000 30 June 10
David Courtney	Cancelled – Mr Courtney now participates in the ESP. Further details of his participation are provided on page 9.			\$2,250,000	\$675,000 30 June 08	\$450,000 30 June 09	\$1,125,000 30 June 10

- › subscription monies are funded by a loan from PBL that is fully repayable after five 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 five year period, the executive must apply the issue price for each PBL share towards repayment of the relevant portion 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.

In order to align the entitlement to incentives under the ESP to the growth in the price of PBL shares, all ESP shares issued after 21 February 2006 were subject to an additional share price performance condition, requiring a 7 percent compound annual growth in the PBL share price in order for the relevant portion of shares to vest and be released from the restrictions under the ESP.

If a share price hurdle is not exceeded, that 25 percent share parcel remains restricted until the hurdle is exceeded on a subsequent anniversary (if the hurdle is ultimately not exceeded, the shares will be transferred back to PBL).

Determination that hurdles have been achieved will be provided to the CEO & Managing Director by the Company Secretary. This performance condition does not apply to issues existing prior to 21 February 2006, as well as to the issue to Mr McGuire on 10 February 2006.

Only executives of PBL can participate in the ESP and Mr James Packer has requested not to participate. At the date of this Report, a total of 9,580,000 ESP shares are on issue, representing 1.39 percent of PBL's capital.

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

Senior Executive	Date ESP Shares Issued	Issue Price per Share	Number of ESP Shares Issued	Original Loan	Released from limitations during the year (%)	Loan Outstanding	Number of ESP Shares for which Loan still Outstanding	Expiry Date
Issues during the year								
David Courtney	30 Aug 06	\$17.82	225,000	\$4,009,500	0	\$4,009,500	225,000	30 Aug 11
	6 Mar 07	\$18.97	150,000	\$2,845,500	0	\$2,845,500	150,000	6 Mar 12
Issues from previous years								
Eddie McGuire AM	10 Feb 06	\$16.00	500,000	\$8,000,000	25	\$8,000,000	500,000	10 Feb 11
Ian Law	23 Feb 06	\$16.16	500,000	\$8,080,000	25	\$8,080,000	500,000	23 Feb 11
Martin Dalgleish	23 Feb 06	\$16.16	240,000	\$3,878,400	25	\$3,878,400	240,000	23 Feb 11
Pat O'Sullivan	23 Feb 06	\$16.16	240,000	\$3,878,400	25	\$3,878,400	240,000	23 Feb 11
Anthony Klok	23 Feb 06	\$16.16	240,000	\$3,878,400	25	\$3,878,400	240,000	23 Feb 11
Guy Jalland	23 Feb 06	\$16.16	240,000	\$3,878,400	25	\$3,878,400	240,000	23 Feb 11
Geoff Kleemann	23 Feb 06	\$16.16	240,000	\$3,878,400	25	\$3,878,400	240,000	23 Feb 11
David Courtney	23 Feb 06	\$16.16	175,000	\$2,828,000	25	\$2,828,000	175,000	23 Feb 11
Jeff Browne	20 Apr 06	\$18.16	50,000	\$908,000	25	\$908,000	50,000	20 Apr 11
Gregg Haythorpe	23 Feb 06	\$16.16	50,000	\$808,000	25	\$808,000	50,000	23 Feb 11
Chris Anderson*	23 Feb 06	\$16.16	300,000	\$4,848,000	0	\$4,848,000	300,000	23 Feb 11
John Alexander*	23 Feb 06	\$16.16	300,000	\$4,848,000	0	\$4,848,000	300,000	23 Feb 11
	30 Aug 06	\$17.82	1,000,000	\$17,820,000	0	\$17,820,000	1,000,000	30 Aug 11
Rowen Craigie*	23 Feb 06	\$16.16	350,000	\$5,656,000	0	\$5,656,000	350,000	23 Feb 11
	30 Aug 06	\$17.82	500,000	\$8,910,000	0	\$8,910,000	500,000	30 Aug 11
Issues to Executive Directors (subject to shareholder approval under ASX Listing Rule 10.14)								
Rowen Craigie	6 Mar 07	\$18.97	250,000	\$4,742,500	0			Not yet issued.
	21 Jun 07	\$19.18	900,000	\$17,262,000	0			Subject to shareholder approval.

* Issued on 30 October 2006 following receipt of approval from shareholders at the PBL 2006 AGM on 26 October 2006.

Remuneration Report Continued

Under ASX Listing Rule 10.14, ESP shares can only be issued to the Directors of PBL if approved by an ordinary resolution of PBL shareholders. On 6 March 2007 and 21 June 2007 and subject to approval by PBL shareholders at the 2007 AGM, PBL agreed to allot the ESP shares to Mr Craigie identified on page 9. If approved, these shares shall form part of a long-term incentive recognising Mr Craigie's executive role with PBL.

If the issues of ESP shares to Mr Craigie is approved by shareholders, a total of 10,730,000 ESP shares will be on issue, representing 1.55 percent of PBL's capital.

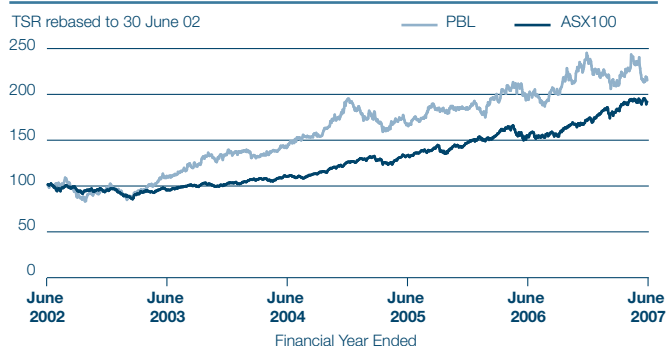
(c) Relationship between remuneration and the performance of PBL

The remuneration of Senior Executives is linked to PBL's short-term performance through the STI. Individuals may be paid an STI at the discretion of the CEO & Managing Director where the individual achieves his or her KPIs, 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 7.

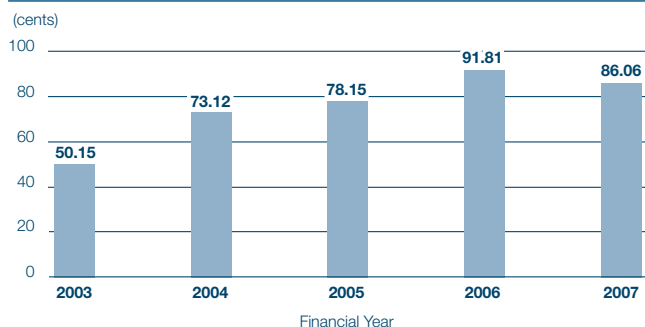
The remuneration of certain Senior Executives is also linked to PBL's long-term performance through the LTI. Issues made during the year under the PBL ESP are subject to a share price performance hurdle of 7 percent compound annual growth in PBL's share price. Certain Senior Executives of the PBL Gaming Division are eligible to participate in the PBL Gaming LTI which requires the achievement of internal EBITDA targets for the PBL Gaming Division. Details on the PBL Gaming LTI are outlined on page 8.

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

Five year total returns for PBL and ASX100



Earnings per share (fully diluted before non-recurring items)*



* Result includes Television and Magazines to 6 June 2007.

(d) Summary of the Senior Executive employment contracts

Senior Executives are employed under service agreements with PBL or a business of the PBL Group. Common features to these service agreements include (unless noted otherwise):

- › an entitlement to four weeks' annual leave, and up to four weeks' paid sick leave each year
- › an annual review of the executive's fixed remuneration, with any increases at the discretion of the CEO & Managing Director or Executive Chairman (with some agreements requiring a minimum increase of CPI)
- › reimbursement of reasonable out of pocket expenses incurred in connection with the executive's employment
- › PBL may ask the executive to act as an officer of PBL or as an officer or director of a member or associate of the PBL Group for no additional remuneration
- › for PBL Gaming Division Senior Executives, a prohibition from gambling at any gaming facility of the PBL Gaming Division during the term of employment and for three months following termination, and a requirement that the executive maintain licences required and issued by relevant regulatory authorities (such as the Victorian Commission for Gambling Regulation and the Western Australian Gaming and Wagering Commission)
- › where post-employment restraints apply, a restraint covering, amongst other things, competitive activities to those of the PBL Group. Restraint periods vary and have been noted in each instance
- › where an employment agreement is terminated by PBL, notice may be given in writing or payment may be made (wholly or partly), in lieu of notice
- › all contracts may be terminated without notice by PBL for serious misconduct

Details of each Senior Executive's contract of employment are summarised below. Where a Senior Executive has had more than one contract of employment during the year the most recent contract is listed, and changes from the previous contract are noted. Where a term in a Senior Executive's contract has been updated (for instance, base salary) the change is noted. The summaries should be read in conjunction with the PBL Group's Remuneration Policy on page 6 and the disclosures on fixed and performance based remuneration from page 7.

Executive Directors	
Chris Anderson	
Position	Executive Director PBL. Mr Anderson is also the Executive Deputy Chairman of PBL. He does not receive additional remuneration for performing his functions and duties as Executive Deputy Chairman of the PBL Board.
Term	Until 1 August 2011.
Fixed remuneration	
Base salary	\$1,200,000 per annum.
Superannuation	PBL contributes 9percent of base salary.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$330,000 per annum assessed by Executive Chairman and PBL CEO & Managing Director based on the achievement of his KPIs.
Termination	
By Mr Anderson	Six months' notice.
By PBL	12 months' notice without cause; six months' notice for performance issues without an opportunity to improve provided; three months' notice for performance issues where at least three months' opportunity to improve provided; one month's notice for incapacity where he is absent for 16 weeks in any 12-month period.
Post-employment restraint	PBL may impose a restraint period of up to six months. If PBL does so, Mr Anderson is entitled to be paid his net base salary and superannuation during the restraint period.
Directors' fees	Mr Anderson does not receive Directors' fees for acting as an Executive Director and Executive Deputy Chairman of PBL nor any fees for his participation on Boards during the year at PBL's request, including the boards of PBL Media, FOXTEL, FOX SPORTS (Premier Media Group), ninemsn, Hoyts and Sky News (Australian News Channel). Mr Anderson received a net Directors' fee of \$29,416 from SEEK which was reimbursed to PBL.
John Alexander	
Position	Chief Executive Officer & Managing Director PBL.
Term	Until 13 December 2009.
Fixed remuneration	
Base salary	\$3,200,000 per annum (increased from \$3,075,000 on 9 June 2006).
Superannuation	PBL contributes 9percent of base salary.
Other benefits	Mobile telephone. Use of motor vehicle and driver. Applicable fringe benefits tax.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$1,000,000 assessed by Executive Chairman based on the achievement of his KPIs. A further STI of up to \$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	
By Mr Alexander	Six months' notice.
By PBL	12 months' notice without cause; six months' notice for performance issues without an opportunity to improve provided; three months' notice for performance issues where at least three months' opportunity to improve provided; one month's notice for incapacity where he is absent for 16 weeks in any 12-month period.
Post-employment restraint	PBL may impose a restraint period of up to 12 months. If PBL does so, Mr Alexander is entitled to be paid his net base salary and superannuation during the restraint period.

Remuneration Report

Continued

Rowen Craigie	
Positions	Chief Executive Officer PBL Gaming; Chief Executive Officer Crown Melbourne (resigned 6 March 2007); Executive Director PBL.
Term	Until 6 March 2012 (extended from 30 June 2010).
Fixed remuneration	
Base salary and superannuation	\$2,200,000 TEC per annum (increased from \$1,800,000 in March 2007).
Other benefits	Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone.
Performance-based remuneration	
STI	Discretionary STI based on the achievement of his KPIs.
LTI	Details of Mr Craigie's participation in the PBL Gaming LTI are outlined on page 8.
Termination	
By Mr Craigie	12 months' notice.
By PBL	12 months' notice without cause; one month's notice for performance issues where at least three months' opportunity to improve provided; three months' notice for incapacity where Mr Craigie was absent for six 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.
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. Mr Craigie may also be paid an amount equivalent to his monthly TEC for any period during which a restraint applies.
Termination payments	Provided that Mr Craigie complies with any restraints imposed on him: If Mr Craigie terminates his employment with PBL or PBL terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid PBL Gaming LTI. Thereafter, Mr Craigie will cease to be involved in the PBL Gaming LTI. If PBL terminates Mr Craigie's employment without cause, Mr Craigie will be entitled to any unpaid PBL Gaming LTI. Mr Craigie may also elect either to end his participation in the PBL Gaming 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 five year term) in the PBL Gaming LTI.
Sam Chisholm	
Positions	Executive Director PBL. On 9 February 2006, Mr Chisholm's consultancy agreement and title were varied by agreement to the provision of advice to management at Nine, as well as to the PBL Group. Mr Chisholm resigned from the PBL Board on 13 July 2006.
Term	Two years (agreed on 13 July 2006 to terminate on 15 October 2006).
Fixed remuneration	
Consulting Services Fee	\$2,000,000 per annum.
Superannuation	Mr Chisholm pays his superannuation contributions.
Termination	
By Mr Chisholm	90 days' notice.
By PBL	By payment of one year's Consulting Services Fee (plus GST).
Termination payment	Mr Chisholm was paid a termination payment of \$1,000,000.
Directors' fees	Mr Chisholm did not receive Directors' fees from PBL.

Other key management personnel

Martin Dagleish

Position	Chief Executive Officer PBL New Media.
Term	Until 12 July 2011 (extended by Agreement dated 12 July 2006).
Fixed remuneration	
Base salary	\$600,000 per annum (increased from \$550,000 by Agreement dated 12 July 2006).
Superannuation	PBL contributes 9 percent of base salary and any STI.
Other benefits	Mobile telephone. Motor vehicle allowance of \$50,000 per annum. Motor vehicle parking. Applicable fringe benefit taxes.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$600,000 (maximum amount inserted by Agreement dated 12 July 2006) based on the achievement of his KPIs.
Termination	
By Mr Dagleish	Six months' notice (after 12 July 2009).
By PBL	Six months' notice without cause (after 12 July 2009); one month's notice due to incapacity.
Post-employment restraint	Three months' restraint period. Mr Dagleish is entitled to be paid an amount to be agreed during the restraint period or, in the absence of agreement, his monthly base salary each month.

Guy Jalland

Position	Group General Counsel and Joint Company Secretary PBL.
Term	Until 1 December 2010 (extended from 30 October 2008).
Fixed remuneration	
Base salary	\$1,388,416 per annum (increased from \$1,100,000 on 1 December 2006).
Superannuation	PBL contributes \$11,584 per annum.
Performance-based remuneration	
STI	Discretionary STI based on the achievement of his KPIs.
Termination	
By Mr Jalland	Six months' notice.
By PBL	Six months' notice without cause; six months' notice for performance issues without an opportunity to improve provided; three months' notice for performance issues (following three months' notice to improve); one month's notice due to incapacity.
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 during the restraint period.

Geoff Kleemann

Position	Chief Financial Officer PBL.
Term	Until 30 June 2009.
Fixed remuneration	
Base salary and superannuation	\$1,325,030 TEC per annum (increased from \$1,285,000 with effect from September 2006).
Other benefits	Mobile telephone.
Performance-based remuneration	
STI	Discretionary STI of up to 25 percent of his TEC based on the achievement of his KPIs.
Termination	
By Mr Kleemann	Six months' notice (after 1 January 2009).
By PBL	Six months' notice without cause (after 1 January 2009); six months' notice for performance issues (following three months' notice to improve); two months' notice due to incapacity.
Post-employment restraint	PBL may impose a restraint period of up to six months. If PBL does so, Mr Kleemann is entitled to be paid his net TEC during the restraint period.

Remuneration Report

Continued

Anthony Klok	
Position	Business Development Director PBL.
Term	Ceased employment 30 June 2007.
Fixed remuneration	
Base salary and superannuation	\$565,000 TEC per annum.
Other benefits	Home telephone, mobile and internet services.
Performance-based remuneration	
STI	Discretionary STI based on the achievement of his KPIs.
Termination	
By Mr Klok	Three months' notice.
By PBL	Three months' notice due to incapacity.
Post-employment restraint	Six months' restraint period upon termination without cause or for incapacity and for a paid restraint upon expiration of the term.
Termination payment	Mr Klok received a payment of \$450,000 in June 2007.
Gregg Haythorpe	
Position	Director – Business Development, Facilities and Special Projects PBL.
Term	Ceased employment 30 June 2007.
Fixed remuneration	
Base salary and superannuation	\$494,000 TEC per annum.
Other benefits	Mobile telephone. Home office equipment.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$120,000 based on the achievement of his KPIs.
Termination	
By Mr Haythorpe	Six months' notice (after 1 April 2009).
By PBL	Six months' notice without cause (after 1 April 2009); three months' notice for performance issues (following three months' notice to improve); two months' notice due to incapacity.
Termination payment	Mr Haythorpe received a payment of \$1,050,000 in June 2007.
David Courtney	
Positions	Chief Executive Officer Burswood (resigned 5 March 2007), Chief Executive Officer, Crown Melbourne (from 6 March 2007).
Term	Until 6 March 2012 (extended from 30 June 2010).
Fixed remuneration	
Base salary and superannuation	\$1,250,000 TEC per annum (increased from \$900,000 with effect from 6 March 2007).
Other benefits	Complimentary privileges at Crown Melbourne and Burswood facilities. Mobile telephone.
Performance-based remuneration	
STI	Discretionary STI based on the achievement of his KPIs.
LTI	Details of Mr Courtney's participation in the PBL Gaming LTI are outlined on page 8.
Termination	
By Mr Courtney	12 months' notice.
By Crown Melbourne	12 months' notice without cause; one months' notice for performance issues (following three months' notice to improve); three months' notice due to incapacity.
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. Mr Courtney may also be paid an amount equivalent to his monthly TEC for any period during which a restraint applies.
Termination payments	Provided that Mr Courtney complies with any restraints imposed on him: If Mr Courtney terminates his employment with Crown Melbourne or Crown Melbourne terminates his employment for serious misconduct, performance issues or incapacity, he will be entitled to any unpaid PBL Gaming LTI. Thereafter, Mr Courtney will cease to be involved in the PBL Gaming LTI. If Crown Melbourne terminates Mr Courtney's employment without cause, Mr Courtney will be entitled to any unpaid PBL Gaming LTI. Mr Courtney may also elect either to end his participation in the PBL Gaming 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 five year term) in the PBL Gaming LTI.

Ian Law	
Positions	Chief Executive Officer ACP Magazines (resigned 7 November 2006), Chief Executive Officer PBL Media (disclosure to 6 June 2007).
Term	Until 7 November 2011.
Fixed remuneration	
Base salary and superannuation	\$2,000,000 TEC per annum (increased from \$1,350,000 on 7 November 2006).
Other benefits	Mobile telephone.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$1,000,000 based on the achievement of his KPIs.
Termination	
By Mr Law	Six months' notice (after 7 May 2011).
By PBL Media	12 months' notice without cause (after 7 November 2010); two months' notice due to incapacity.
Post-employment restraint	PBL Media may impose a restraint period of up to six months. If PBL Media does so, Mr Law is entitled to be paid his net base salary and superannuation contributions during the restraint period.
Eddie McGuire AM	
Position	Chief Executive Officer Nine Network Australia (disclosure to 6 June 2007).
Term	Five years (resigned from position 30 June 2007).
Fixed remuneration	
Annual Fee	\$4,000,000.
Other benefits	Unused entitlement to two motor vehicles. \$250,000 relocation expenses. Applicable fringe benefits tax. Superannuation, holiday leave, sick leave and long service leave are provided by McGuire Media.
Performance-based remuneration	
STI	Discretionary STI assessed by PBL Media management.
Termination	
By McGuire Media	With cause, on 14 days' notice.
By Nine	With cause by notice if Mr McGuire or McGuire Media due to illness or incapacity are unable to provide the services for an aggregate period exceeding 13 weeks in any one year; for performance issues after notice from Nine. The right of Nine to terminate the Agreement shall not apply where McGuire Media offers to pay Nine reasonable compensation for any loss sustained by Nine.
Termination payments	Where Nine terminates for cause Nine must pay to McGuire Media 12 months' fee. Where Nine terminates without cause, it may (depending on the circumstances) be liable to pay the remaining fees for the unexpired Term.
Restraints	McGuire Media and Mr McGuire are restrained during the term from engaging in competition with and soliciting customers or employees of, the PBL Group. Nine has rights of first offer and negotiation and last refusal for any agreement contemplated by them to provide any on-air presentation, host or guest services.
Other	Mr McGuire was appointed a Director of Nine on 9 February 2006 and received an annual Director's fee of \$10,000 (Mr McGuire resigned as a Director of Nine on 12 June 2007).

Remuneration Report

Continued

Jeff Browne	
Position	Executive Director Nine Network Australia (disclosure to 6 June 2007).
Term	Until 1 May 2011.
Fixed remuneration	
Base salary and superannuation	\$1,812,500 TEC per annum.
Other benefits	Relocation allowance of \$50,000.
Performance-based remuneration	
STI	Discretionary STI based on the achievement of his KPIs.
Termination	
By Mr Browne	Six months' notice without cause (after 2 May 2009).
By Nine	12 months' notice without cause (after 2 May 2009); two months' notice for incapacity; 12 months' notice for poor performance (following six months' notice to improve performance).
Post-employment restraint	Six months' restraint period upon termination.
Pat O'Sullivan	
Positions	Chief Operating Officer PBL (resigned 1 November 2006); Chief Financial Officer PBL Media (disclosure to 6 June 2007).
Term	Until 1 November 2011.
Fixed remuneration	
Base salary and superannuation	\$1,500,000 TEC per annum (increased from \$1,200,000 by agreement with PBL Media dated 29 January 2007).
Other benefits	Mobile telephone. Motor vehicle parking.
Performance-based remuneration	
STI	Discretionary STI to a maximum of \$400,000 based on the achievement of his KPIs.
Termination	
By Mr O'Sullivan	Six months' notice (after 1 January 2009).
By PBL Media	Six months' notice without cause (after January 2009); six months' notice for performance issues (following three months' notice to improve performance); two months' notice due to incapacity.

(e) Senior Executive remuneration table

The table below provides a summary of the remuneration details for each Senior Executive for the years ended 30 June 2007 and 30 June 2006 respectively.

	Financial Year	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		Total (\$)
		Salary and Fees (\$)	Non-Monetary (\$)	STI (\$)	% of max STI	Super (\$)	Termination Benefits (\$)	Other Long-Term Benefits (\$)	Cash Based (\$)	Equity Based (\$)	
Chris Anderson Executive Deputy Chairman	2007	1,200,000	5,164	–	0	108,000	–	–	–	96,263	1,409,427
	2006	1,100,000	4,194	–	–	99,000	–	–	–	–	1,203,194
John Alexander CEO & Managing Director	2007	3,207,575	157,372	–	0	278,693	–	–	2,513,313	515,742	6,672,695
	2006	3,079,545	51,429	2,000,000	100	278,693	–	–	2,247,274	–	7,656,941
Rowen Craigie CEO PBL Gaming	2007	1,916,102	23,514	1,000,000	100	12,686	–	–	210,714	322,047	3,485,063
CEO Crown Melbourne (until March 2007)	2006	1,521,194	32,547	1,000,000	100	12,139	–	–	1,264,286	–	3,830,166
Sam Chisholm Executive Director	2007	666,666	–	–	–	–	1,000,000	–	–	–	1,666,666
(Director until 13 July 2006)	2006	2,000,000	–	–	–	–	–	–	–	–	2,000,000
Martin Dalgleish CEO New Media	2007	649,900	5,164	200,000	50	112,500	–	–	–	115,200	1,082,764
	2006	600,000	5,812	400,000	100	72,000	–	–	–	40,399	1,118,211
Guy Jalland Group General Counsel and Joint Company Secretary	2007	1,351,777	–	–	0	12,868	–	–	–	115,200	1,479,845
	2006	1,080,673	–	500,000	100	12,139	–	–	–	40,399	1,633,211
Geoff Kleemann CFO	2007	1,146,398	16,085	200,000	60	171,960	–	–	–	115,200	1,649,643
	2006	1,102,519	29,850	350,000	109	164,996	–	–	–	40,399	1,687,764
Anthony Klok Business Development Director	2007	495,907	4,329	400,000	100	47,821	450,000	60,460	–	115,200	1,573,717
(until 30 June 2007)	2006	525,414	7,612	400,000	100	44,166	–	–	–	40,399	1,017,591
Gregg Haythorpe Director – Business Development, Facilities and Special Projects	2007	428,586	22,565	–	0	12,868	1,050,000	188,544	–	24,000	1,726,563
(until 30 June 2007)	2006	309,221	–	70,000	100	12,139	–	–	–	8,416	399,776
David Courtney CEO Crown Melbourne (from 6 March 2007)	2007	955,078	65,937	580,000	100	12,686	–	–	94,821	242,848	1,951,370
CEO Burswood (until 5 March 2007)	2006	807,392	66,972	550,000	100	12,139	–	–	568,929	29,458	2,034,890
Ian Law CEO PBL Media	2007	1,652,335	8,674	2,000,000	200	12,868	–	–	–	224,219	3,898,096
(disclosure to 6 June 2007); ACP Magazines (until 7 November 2006)	2006	197,759	–	150,000	20*	2,023	–	–	–	84,164	433,946
Eddie McGuire AM CEO Nine Network Australia	2007	3,736,986	246,952	–	–	–	–	–	–	221,884	4,205,822
(until 30 June 2007)	2006	4,543,683	67,416	–	–	–	–	–	–	91,747	4,702,846
Jeff Browne Executive Director, Nine Network Australia	2007	1,690,208	–	–	N/A	11,852	–	–	–	28,962	1,731,022
(disclosure to 6 June 2007)	2006	295,516	–	–	–	2,023	–	–	–	–	297,539
Pat O'Sullivan CFO PBL Media	2007	1,296,263	8,674	1,500,000	375	12,868	–	–	–	107,625	2,925,430
(disclosure to 6 June 2007); COO PBL (until 1 November 2006)	2006	494,942	2,097	125,000	41*	5,058	–	–	–	40,399	667,496

* Reflecting pro rata entitlement for part year service.

Remuneration Report

Continued

(f) Mr James Packer, Executive Chairman

The Executive Chairman, Mr James Packer does not receive any remuneration for his services to PBL. Mr James Packer acts as a Director of SEEK Limited, PBL Media Holdings Pty Limited and Melco PBL Entertainment (Macau) Ltd, companies in which PBL has a significant investment. Mr Packer does not receive a fee from PBL for these services. This year SEEK Limited paid Mr Packer net Directors' fees of \$47,080 which were reimbursed to PBL.

(g) Non-Executive Directors

At the date of this Report, the Non-Executive Directors of PBL are Mr Christopher Corrigan, Mrs Rowena Danziger, Mr Geoff Dixon, Mr Ashok Jacob, Mr Michael Johnston, Mr David Lowy, Mr Christopher Mackay and Mr Richard Turner. Details of each Director's date of appointment to the Board are outlined in the Directors' Statutory Report on page 20.

The PBL Group's processes for determination of the remuneration of the Non-Executive Directors vary. Each process is undertaken annually to assess the appropriateness of the nature and amount of the remuneration of the Non-Executive Directors with the objective of ensuring maximum benefit for PBL from the retention of a high quality Board.

On 22 August 2006, the Board Remuneration Committee resolved to increase Directors' fees to Non-Executive Directors to \$100,000 per annum, with effect from 1 July 2006.

Non-executive Directors who are executives of Consolidated Press Holdings Limited (CPH)

Non-Executive Directors who are executives of CPH, being Mr Ashok Jacob and Mr Michael Johnston do not receive remuneration from PBL.

Directors' fees

During the year the Non-Executive Directors received a base fee of \$100,000 for acting as a Director of PBL. A Non-Executive Director who acts on the Board of Crown Melbourne Limited received a further Directors' fee of \$60,000.

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

Within the cap, the Board seeks to set the 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 the Non-Executive Directors of comparable companies.

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

- ▶ Mr James Packer, Chairman of the Committee and Executive Chairman of PBL
- ▶ Mr Chris Anderson, Executive Deputy Chairman of PBL (appointed to the Committee on 22 August 2006 following the retirement of Sir Laurence Muir on 8 March 2006).

The purpose of the Committee is to review and recommend to the Board the fees to be paid to the 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 James 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 entitled to participate in the PBL 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.

Committee Chair and Committee membership fees

On 22 August 2006, the Remuneration Committee resolved to increase Chair fees to \$20,000 per annum and, except where the independent Non-Executive Director chairs the Committee, to introduce a fee of \$10,000 for acting as a member of a Committee. These fees took effect from 1 July 2006.

(h) Director remuneration table

The table below provides a summary of the remuneration details for each Director (excluding the Executive Directors who are Senior Executives and disclosed under (e) above) for the years ended 30 June 2007 and 30 June 2006.

	Financial Year	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS			SHARE BASED PAYMENTS		Total (\$)
		Salary and Fees (\$)	Non-Monetary (\$)	STI (\$)	Super (\$)	Termination Benefits (\$)	Other Long-Term Benefits (\$)	Cash Based (\$)	Equity Based (\$)	
James Packer Executive Chairman	2007	-	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-	-
Chris Corrigan Non-Executive Director	2007	110,000	-	-	9,900	-	-	-	-	119,900
	2006	26,793	-	-	2,411	-	-	-	-	29,204
Rowena Danziger Non-Executive Director	2007	200,000*	-	-	-	-	-	-	-	200,000
	2006	155,000*	-	-	13,950	-	-	-	-	168,950
Geoff Dixon Non-Executive Director	2007	127,391	-	-	11,465	-	-	-	-	138,856
	2006	-	-	-	-	-	-	-	-	-
Ashok Jacob Non-Executive Director (CPH)	2007	-	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-	-
Michael Johnston Non-Executive Director (CPH)	2007	-	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-	-
David Lowy Non-Executive Director	2007	117,391	-	-	10,565	-	-	-	-	127,956
	2006	-	-	-	-	-	-	-	-	-
Chris Mackay Non-Executive Director	2007	120,000	-	-	10,800	-	-	-	-	130,800
	2006	26,793	-	-	2,411	-	-	-	-	29,204
Richard Turner Non-Executive Director	2007	190,000*	-	-	-	-	-	-	-	190,000
	2006	175,000*	-	-	15,750	-	-	-	-	190,750

* Salary and Fees include Directors' fees for Crown Melbourne Limited and grossed up salary sacrifice for superannuation.

Directors' Statutory Report

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
Christopher John Anderson	9 June 2004	2007 AGM
John Henry Alexander	16 December 1999	Managing Director (N/A)
Christopher Darcy Corrigan	8 March 2006	2009 AGM
Rowen Bruce Craigie	9 January 2002	2009 AGM
Rowena Danziger	17 September 1997	2008 AGM
Geoffrey James Dixon	31 May 2006	2009 AGM
Ashok Peter Jacob	9 November 1998	2008 AGM
Michael Roy Johnston	16 December 2005	2009 AGM
David Hillel Lowy	31 May 2006	2009 AGM
Christopher John Mackay	8 March 2006	2009 AGM
Richard Wallace Turner	9 November 1998	2009 AGM

Directors' profiles

James D Packer (Age 40)

Executive Chairman

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

Mr Packer is the Executive Chairman of CPH and a director of various companies including Crown Melbourne Limited, Burswood Limited, Melco PBL Entertainment (Macau) Limited, PBL Media Holdings Pty Limited, Challenger Financial Services Group Limited, Sunland Group Limited and is the Chairman of SEEK Limited.

Directorships of other listed companies held during last three years:

Qantas Airways Limited: from 1 August 2000 to 31 August 2007
 Sunland Group Limited: from 20 July 2006 to current
 Ellerston Capital Limited: from 6 August 2004 to current¹
 Crown Melbourne Limited: from 22 July 1999 to current²
 SEEK Limited: from 31 October 2003 to current
 Challenger Financial Services Group Limited: from 6 November 2003 to current

Christopher J Anderson BEc (Age 62)

Executive Deputy Chairman

Mr Anderson joined the PBL Board in June 2004 and was appointed Executive Deputy Chairman in January 2006.

Mr Anderson was previously the Chief Executive Officer of Optus and resigned from that role in late 2004. Prior to joining Optus in 1997, Mr Anderson was the Group Chief Executive of Television New Zealand Limited. Previously, he was the Managing Editor of the Australian Broadcasting Corporation and was Chief Executive Officer and Editorial Director of John Fairfax Limited Group. Mr Anderson was employed by John Fairfax Limited from 1966 to 1991 in various positions.

Mr Anderson represents PBL as a Board director of SEEK Limited, FOXTEL Management Pty Limited, Premier Media Group Pty Limited, ninemsn Pty Limited and Australian News Channel Pty Limited.

Directorships of other listed companies held during last three years:

SEEK Limited: from 25 November 2004 to current

John H Alexander BA (Age 56)

Chief Executive Officer and Managing Director

Mr Alexander has been CEO and Managing Director of PBL since June 2004. He joined ACP Magazines as Group Publisher in 1998 and was appointed CEO of that division in March 1999, a position he held until April 2006. In January 2002, he was appointed CEO of PBL's media businesses which included ACP Magazines and Nine Network – then owned by PBL. Prior to joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of *The Sydney Morning Herald*, and Editor-in-Chief of *The Australian Financial Review*.

Mr Alexander is a director of various companies including Crown Melbourne Limited, Burswood Limited, Melco PBL Entertainment (Macau) Limited, Aspinalls Holdings (Jersey) Limited, ninemsn Pty Limited, FOXTEL Management Pty Limited, PBL Media Holdings Pty Limited, Premier Media Group Pty Limited and The International Federation of the Periodical Press Limited.

Directorships of other listed companies held during last three years:

Crown Melbourne Limited²: from 17 August 2004 to current

Christopher D Corrigan (Age 61)

Independent, Non-Executive Director

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

Mr Corrigan sponsored the formation of a development capital business of A\$220 million known as Jamison Equity Limited in 1990, which became a wholly owned subsidiary, in December 1996, of the then publicly listed company Patrick Corporation Limited.

Directorships of other listed companies held during last three years:

Patrick Corporation Limited: from 22 March 1990 to 11 May 2006³
 Oriental Technologies Investments Limited: from 26 July 2000 to 31 December 2005⁴
 Virgin Blue Holdings Limited: from 27 May 2002 to 11 May 2006

Rowen B Craigie BEc (Hon) (Age 52)

CEO, PBL Gaming; Executive Director

Mr Craigie is the head of PBL Gaming, overseeing all of PBL's Australian and international gaming operations. He is also a director of Crown Melbourne Limited, Burswood Limited, Melco PBL Entertainment (Macau) Limited and Aspinalls Holdings (Jersey) Limited. Mr Craigie has previously served from 2002 to 2007 as the CEO of Crown Melbourne Limited. Mr Craigie joined Crown Melbourne Limited in 1993 and was appointed as the Executive General Manager of its Gaming Machines department in 1996, and was promoted to Chief Operating Officer in 2000.

Prior to joining Crown Melbourne Limited, Mr Craigie was the Group General Manager for Gaming at the TAB in Victoria from 1990 to 1993, and had held senior economic policy positions in Treasury and the Department of Industry in Victoria from 1984 to 1990.

Directorships of other listed companies held during last three years:

Crown Melbourne Limited²: from 9 January 2002 to current

Rowena Danziger BA, TC, MACE (Age 69)

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 also a director of Crown Melbourne Limited, is Chair of the PBL Board Occupational Health and Safety Committee, and is a member of the PBL Board Risk Management Committee and the PBL Board Audit & Corporate Governance Committee.

Directorships of other listed companies held during last three years:

Crown Melbourne Limited²: 21 October 2003 to current

Geoffrey J Dixon (Age 68)

Independent, Non-Executive Director

Mr Dixon is the Managing Director and Chief Executive Officer of Qantas Airways Limited. Mr Dixon joined Qantas in 1994 and has had responsibility at the airline for all commercial activities. Before joining Qantas, Mr Dixon was Director of Marketing and Industry Sales at Ansett Australia Airlines and General Manager Marketing and Corporate Affairs at Australian Airlines.

Mr Dixon is on the boards of Air Pacific Limited and the Business Council of Australia. He is also on the Governing Board of IATA. Prior to his career in the airline industry, Mr Dixon worked for an arm of the Australian Government Overseas Service in Australia and on postings to Australian Missions in The Hague, New York and San Francisco. He has also worked in the mining and media sectors.

Directorships of other listed companies held during last three years:

Qantas Airways Limited: from 1 August 2000 to current

Leighton Holdings Limited: from 19 August 1999 to 31 May 2006

Ashok P Jacob MBA (Age 46)

Non-independent, Non-Executive Director

Mr Jacob is the Chief Executive Officer of Consolidated Press Holdings Limited. Mr Jacob is a director of Challenger Financial Services Group Limited, Ellerston Capital Limited, Teys Bros (Holdings) Pty Ltd, Crown Melbourne Limited and MRF Limited.

Directorships of other listed companies held during last three years:

Ellerston Capital Limited: from 6 August 2004 to current¹

Crown Melbourne Limited: from 22 July 1999 to current²

Challenger Financial Services Group Limited: from 6 November 2003 to current

Michael R Johnston BEc, CA (Age 46)

Non-independent, Non-Executive Director

Mr Johnston was appointed to the PBL Board in December 2005. Mr Johnston is Finance Director of Consolidated Press Holdings Limited.

Prior to his appointment with Consolidated Press Holdings Limited, Mr Johnston was a Senior Partner in the Australian member firm of Ernst & Young, having been with Ernst & Young for over 17 years. Mr Johnston was also on the Board of Partners of Ernst & Young, Australia.

Directorships of other listed companies held during last three years:

Challenger Financial Services Group Limited (alternate Director to James D Packer and Ashok P Jacob): from 24 February 2006 to current
Ellerston Capital Limited: from 6 August 2004 to current¹

David H Lowy AM, BCom (Age 52)

Independent, Non-Executive Director

Mr David Lowy is a principal of LFG Holdings Pty Ltd and is Deputy Chairman (non-executive) of The Westfield Group. He joined Westfield in 1977 and became Managing Director in 1987, a position he held until June 2000. Mr Lowy is the founder and president of Temora Aviation Museum.

Directorships of other listed companies held during last three years:

Westfield Group: from 5 July 2004 to current

Westfield America Management Limited: from 13 July 2004 to current

Christopher J Mackay BEc, LLB (Hons), LLM, F Fin (Age 44)

Independent, Non-Executive Director

Mr Mackay is co-founder and Deputy Chairman of Magellan Financial Group Limited and a Director of Magellan Flagship Fund Limited and Magellan Asset Management Limited. He is also the Chief Investment Officer of Magellan Asset Management Limited.

Mr Mackay has considerable experience in investment, business management, business assessment, capital allocation and risk management. He became an investment banker in 1988, after being a corporate and banking lawyer, and has broad experience in the financial and corporate sectors.

Directors' Statutory Report Continued

Mr Mackay retired as Chairman of the investment bank UBS Australasia in March 2006, having previously been its Chief Executive Officer, and remains a senior adviser to UBS. He is a member of the Federal Treasurer's Financial Sector Advisory Council and is a former member of the Business Council of Australia and director of the International Banks & Securities Association.

Directorships of other listed companies held during last three years:

New Privateer Holdings Limited: from 26 April 2006 to 31 August 2007

Magellan Flagship Fund Limited: from 29 September 2006 to current

Magellan Financial Group Limited: from 21 November 2006 to current

Richard W Turner AM, BEc, FCA (Age 69)

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 a director of HBOS Australia Limited, BankWest Limited, 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 also a director of Crown Melbourne Limited, is Chair of the PBL Board Audit & Corporate Governance Committee and is a member of the PBL Board Finance Committee.

Directorships of other listed companies held during last three years:

Crown Melbourne Limited²: from 21 October 2003 to current

The Mirvac Group: from 7 January 2005 to current

Since 1 July 2006, the following have left PBL's Board of Directors:

Mr Samuel H Chisholm (appointed a Director on 1 September 2004) resigned on 13 July 2006.

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. Prior to joining PBL, Mr Jalland was a senior executive with CPH for six years. Prior to joining CPH, he was a partner in a Melbourne law firm and a senior executive with Village Roadshow Limited.

Jennifer S Mah MCom Law, FCIS

Ms Mah was appointed Joint Company Secretary in December 2005 and is a Fellow of Chartered Secretaries Australia. She has been with PBL since 1991.

Interests in the shares and options of PBL 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	261,500,000
John H Alexander	1,812,500
Christopher J Anderson	315,194
Rowen B Craigie	850,000
Rowena Danziger	22,876
David H Lowy	117,253
Christopher Mackay	100
Richard W Turner	27,000

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, subscription 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 minority interest was \$1,957,252,000 (2006: \$610,053,000).

Dividends

The Directors of PBL have declared a final fully franked dividend of 25 cents per ordinary share to holders registered as at 28 September 2007 (**Record Date**).

	\$'000
Final dividends declared:	
› on ordinary shares	169,718
Dividends paid in the year:	
Interim for the year	
› on ordinary shares	202,669
Final dividends for 2006:	
› on ordinary shares	196,474

Corporate information

Publishing and Broadcasting Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company does not have a parent entity.

Employees

The Group had 7,757 employees at 30 June 2007 (2006: 11,227).

Operating and financial review

The Review of Operations for the financial year ended 30 June 2007 is detailed in the PBL Concise Annual Report.

1 Ellerston Capital Limited is the manager and responsible entity for the Ellerston GEMS Fund (EGF), admitted to the Official List of ASX Limited on 29 June 2007.
 2 Crown Melbourne Limited (previously 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 the ASX's official list on 2 September 2005.
 3 Removed from the ASX's official list on 3 July 2006.
 4 Removed from the ASX's official list on 17 March 2006.

Significant changes in the state of affairs

During the financial year:

- In February 2007, the recapitalisation and sale of 50 percent of PBL's traditional media businesses and related online assets was completed. PBL sold a further 25 percent of PBL Media in June 2007. The transaction was completed in September 2007.
- The completion in December 2006 of the IPO of 17.2 percent of Melco PBL Entertainment (Macau) Ltd (MPEL) on NASDAQ. PBL now holds 41.4 percent of MPEL. This transaction raised approximately US\$1.2 billion for MPEL.
- The expansion of the International Gaming Division, including Aspinalls (UK – 50 percent interest), Gateway (Canada – 50 percent interest – subject to successful bid), Fontainebleau (US – 19.6 percent interest) and an investment for US\$22.5 million to acquire a 37.5 percent interest in the joint venture LVTI LLC – which has purchased an option to acquire 26.87 acres of land adjacent to Fontainebleau.
- The sale and proposed sale of non-core assets including Ticketek and Acer Arena, and interests in Global Television, Hoyts and New Regency.
- The announcement in May of a proposal to split PBL into two separately-listed companies: Crown Ltd to hold the gaming assets, and Consolidated Media Holdings to hold the media assets.

Significant events after the Balance Date

Subsequent to 30 June 2007, the Directors of PBL declared a final dividend on ordinary shares in respect of the year ending 30 June 2007. The total amount of the dividends is \$169.7 million, which represents a fully franked dividend of 25 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

On 16 July 2007, PBL completed the sale of its Ticketek and Acer Arena businesses to PBL Media for \$210 million.

On 10 September 2007, PBL announced that funds advised by CVC Capital Partners and CVC Asia Pacific had paid \$526 million for an additional 25 percent share in PBL Media.

On 8 May 2007, PBL announced that, subject to shareholder approval, it would restructure the business into two publicly listed companies, a gaming company and a media company. PBL expects to hold shareholder meetings in November to vote on the proposed restructure.

On 6 September 2007, PBL announced that its associated entity, Melco PBL Entertainment (Macau) Limited (**MPEL**) and certain subsidiaries, had signed a US\$1.75 billion Senior Facilities Agreement with a syndicate of banks. The facilities consist of a seven year US\$1.5 billion term loan facility and a five year US\$250 million revolving credit facility and will be used to finance the construction and development of the City of Dreams integrated casino and entertainment resort together with general working capital requirements for MPEL and its subsidiaries. The facilities are non-recourse to PBL. However, PBL and Melco International Development Limited (which owns 41.4 percent of MPEL along with PBL) have each undertaken to provide a Letter of Credit for US\$125 million which will be able to be used, if necessary, to support completion of the City of Dreams should the facilities be insufficient to fund completion.

On 24 September 2007, PBL announced with WAN that they had entered into an agreement with Pacific Equity Partners for the sale of the Hoyts Group in Australia and New Zealand. The sale is subject to approval from the Foreign Investment Review Board and the New Zealand Overseas Investment Office. The sale is expected to complete by November 2007 and realise approximately \$150 million for each of PBL and WAN.

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 plans and options

PBL has not issued any share options. PBL has issued shares under the Executive Share Plan. Details of the Executive Share Plan are provided on pages 8 and 9.

Indemnification and insurance of Directors and officers

During or since the financial year, PBL 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 PBL. 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 officers' remuneration are included in the Remuneration Report on pages 6 to 19. The Remuneration Report should be considered part of this Directors' Statutory Report.

Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included in this report on page 24.

Directors' Statutory Report Continued

Directors' meetings

The number of Directors' meetings (including meetings of Committees of Directors but not including written resolutions of Directors or of Committees of Directors) and the number of meetings attended by each of PBL's Directors during their term of office this financial year were as follows:

	Directors'		Finance Committee		Audit & Corporate Governance Committee		Risk Management Committee		OH&S Committee		Remuneration Committee	
	Meetings		Meetings		Meetings		Meetings		Meetings		Meetings	
	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend	Held	Attend
J D Packer	9	9	-	-	-	-	-	-	-	-	1	1
C J Anderson	9	9	-	-	-	-	-	-	-	-	1	1
J H Alexander	9	9	-	-	-	-	-	-	-	-	-	-
C D Corrigan	9	6	-	-	-	-	-	-	-	-	-	-
R B Craigie	9	8	-	-	-	-	-	-	-	-	-	-
R Danziger	9	9	-	-	3	3	3	3	3	3	-	-
G J Dixon	9	7	-	-	-	-	3	3	-	-	-	-
A P Jacob	9	8	-	-	-	-	-	-	-	-	-	-
M R Johnston	9	9	1	0	3	1	-	-	3	3	-	-
D H Lowy	9	9	-	-	-	-	3	3	-	-	-	-
C J Mackay	9	8	1	1	-	-	-	-	-	-	-	-
R W Turner	9	9	1	1	3	3	-	-	-	-	-	-
S H Chisholm ¹	1	-	-	-	-	-	-	-	-	-	-	-

1 Resigned 13 July 2006.

Under PBL's Constitution, documents containing written resolutions assented to by directors are to be taken as a minute of a meeting of directors. Six documents containing written resolutions were assented to by the Board this financial year. The Audit & Corporate Governance Committee and Finance Committee of the Board approved six and five documents containing written resolutions respectively.

Please refer to page 4 of the Corporate Governance Statement for details on Board committee structure and membership during the year.

The Investment Committee did not meet formally during the year.

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 32.

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.

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 PBL under ASIC Class Order 98/0100. PBL 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, 26th day of September, 2007

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 financial year ended 30 June 2007, 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



Douglas Bain
Partner

Sydney, 26th day of September, 2007

Independent Audit Report

To the Members of Publishing and Broadcasting Limited

We have audited the accompanying financial report of Publishing and Broadcasting Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expenses and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" on pages 6 to 19, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the consolidated financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of 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 on page 24. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Publishing and Broadcasting Limited is in accordance with 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 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the remuneration disclosures that are contained on pages 6 to 19 comply with Accounting Standard AASB 124 *Related Party Disclosures*.



Ernst & Young



Douglas Bain

Partner

Sydney, 26th day of September, 2007

Directors' Declaration

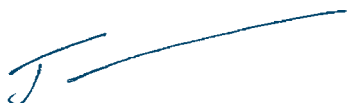
In accordance with a resolution of the Directors of Publishing and Broadcasting Limited, we state that:

1. In the opinion of the Directors:
 - (a) the financial statements and the additional disclosures included in the Remuneration Report, 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 2007 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 2007.
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 37 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, 26th day of September, 2007

Income Statement

for the year ended 30 June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Continuing Operations					
Revenues	3	2,017,821	1,792,826	1,901	481,166
Other income	3	202	5,344	4,359	417
Expenses	3	(1,583,318)	(1,375,243)	(156)	(77,846)
Share of profits of associate and joint venture entities	2, 12	26,173	41,483	–	–
Profit from continuing operations before income tax and finance costs					
Finance costs	2, 3	(151,204)	(187,857)	(25,479)	(403,511)
Profit/(loss) from continuing operations before income tax					
Income tax (expense)/benefit	2, 5	(18,767)	(31,897)	44,893	125,949
Profit from continuing operations after income tax					
Discontinued operations					
Profit from discontinued operations after income tax	2	1,689,324	377,267	–	–
Profit for the period					
Profit attributable to minority interests	25	22,979	11,870	–	–
Net profit attributable to members of the parent					

		2007 Cents per share	2006 Cents per share
Earnings per share (EPS)			
Basic EPS*	33	285.87	90.44
Diluted EPS*		285.87	90.44
Dividends per share			
Final dividend proposed	4	25.0	29.0
Current year interim dividend paid		30.0	30.0

* Basic/diluted EPS excluding the effect of discontinued operations is 42.46 cps (2006: 36.27).
Basic/diluted EPS excluding the effect of discontinued operations and specific items is 49.97 cps (2006: 36.95).

Balance Sheet

at 30 June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current assets					
Cash and cash equivalents	27(a)	2,227,657	1,185,135	3,106	1,827
Trade and other receivables	7	104,956	394,180	279	413
Inventories	8	9,722	40,946	–	–
Program rights	9	–	96,879	–	–
Prepayments		12,729	22,106	–	–
Other assets	10	108	9,077	–	–
Derivatives	38	–	4,603	–	–
		2,355,172	1,752,926	3,385	2,240
Assets classified as held for sale	11	447,435	–	–	–
Total current assets		2,802,607	1,752,926	3,385	2,240
Non-current assets					
Receivables	7	90,101	28,139	4,880,248	9,317,429
Program rights	9	–	32,728	–	–
Available-for-sale financial assets	13	398,013	238,375	111,719	5,752
Other financial assets	14	–	17,273	9,435,830	3,366,932
Investments in associates accounted for using the equity method	12	915,211	1,026,325	–	–
Property, plant and equipment	15	1,831,060	1,910,182	–	–
Licences and mastheads	16	674,339	2,422,978	–	–
Other intangible assets	17	210,469	616,612	–	–
Deferred tax assets	5	184,052	220,957	33,241	–
Prepaid casino tax	10	73,840	76,575	–	–
Defined benefit superannuation plan asset	29	–	4,456	–	–
Other assets	10	–	3,571	–	–
Total non-current assets		4,377,085	6,598,171	14,461,038	12,690,113
Total assets		7,179,692	8,351,097	14,464,423	12,692,353
Current liabilities					
Trade and other payables	19	234,821	685,118	12,174	1,897
Interest-bearing loans and borrowings	20	20,046	827,525	–	–
Current income tax liabilities		22,670	59,737	22,425	31,276
Provisions	21	137,836	155,839	–	–
Liabilities directly associated with the assets classified as held for sale	22	78,619	–	–	–
Total current liabilities		493,992	1,728,219	34,599	33,173
Non-current liabilities					
Other payables	19	114	70,265	–	–
Interest-bearing loans and borrowings	20	309,144	2,094,608	9,042,449	6,978,908
Deferred tax liabilities	5	477,331	505,100	179,386	203,544
Provisions	21	33,827	81,741	10,865	10,865
Total non-current liabilities		820,416	2,751,714	9,232,700	7,193,317
Total liabilities		1,314,408	4,479,933	9,267,299	7,226,490
Net assets		5,865,284	3,871,164	5,197,124	5,465,863
Equity					
Equity attributable to equity holders of the parent					
Contributed equity	23	2,454,986	2,359,614	2,454,986	2,359,609
Reserves	24	350,256	9,220	10,340	831
Retained earnings	24	3,060,042	1,498,996	2,731,798	3,105,423
Parent interests		5,865,284	3,867,830	5,197,124	5,465,863
Minority interests	25	–	3,334	–	–
Total equity		5,865,284	3,871,164	5,197,124	5,465,863

Cash Flow Statement

for the year ended 30 June 2007

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Receipts from customers		3,868,967	3,773,573	–	868
Payments to suppliers and employees		(2,818,243)	(2,788,201)	(70)	(89)
Dividends received		29,828	58,120	–	–
Interest received		117,672	71,754	–	–
Borrowing costs		(257,931)	(192,167)	(24,805)	(22,876)
Income tax paid		(215,593)	(177,233)	(154,234)	(140,238)
Net cash flows from/(used in) operating activities	27	724,700	745,846	(179,109)	(162,335)
Cash flows from investing activities					
Purchase of property, plant and equipment		(239,730)	(142,002)	–	–
Proceeds from sale of property, plant and equipment		13,036	925	–	–
Payment for purchases of equity investments		(617,343)	(241,934)	(21,419)	–
Payment for the acquisition of controlled entities		(309,357)	(2,017)	–	–
Net proceeds from sale of equity investments		12,591	14,754	11,656	–
Net proceeds from sale of controlled entities		897,811	–	–	–
Loans to associated entities		(104,074)	(4,750)	–	–
Repayment of loans to associated entities		31,716	16,866	–	–
Loans to other entities		(30,551)	–	–	–
Other (net)		(13,952)	(2,646)	–	–
Net cash flows (used in) investing activities		(359,853)	(360,804)	(9,763)	–
Cash flows from financing activities					
Issue of shares		3,473	3,263	3,473	3,263
Proceeds from borrowings		3,685,660	150,182	885,456	529,064
Repayment of borrowings		(2,602,513)	(204,050)	(300,000)	–
Dividends paid		(398,778)	(369,998)	(398,778)	(369,998)
Dividends/distributions paid to minority interests		(10,654)	(12,349)	–	–
Net cash flows from/(used in) financing activities		677,188	(432,952)	190,151	169,329
Net increase/(decrease) in cash and cash equivalents		1,042,035	(47,910)	1,279	(6)
Cash and cash equivalents at the beginning of the financial year		1,185,135	1,232,638	1,827	1,833
Effect of exchange rate changes on cash		487	407	–	–
Cash and cash equivalents at the end of the financial year	27	2,227,657	1,185,135	3,106	1,827

There was no buy back of shares during the financial year under PBL's share buy back program.

Statement of Recognised Income and Expense

for the year ended 30 June 2007

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Foreign currency translation	947	(1,296)	–	–
Actuarial loss on defined benefit plans	–	(468)	–	–
Unrealised gain on investment in associates	341,701	–	–	–
Fair value movement on cash flow hedges	–	3,221	–	–
Net income recognised directly in equity	342,648	1,457	–	–
Profit for the period	1,980,231	621,923	25,518	126,175
Total recognised income and expense for the period	2,322,879	623,380	25,518	126,175
Attributable to:				
Equity holders of the parent	2,299,900	611,510	25,518	126,175
Minority interest	22,979	11,870	–	–
	2,322,879	623,380	25,518	126,175

1. Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value and investments in associates accounted for using the equity method. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The financial report of Publishing and Broadcasting Limited and its controlled entities for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 26 September 2007.

(b) Statement of compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. Accounting Standards AASB7 "Financial Instruments: Disclosures" and AASB 2005-10 "Amendments to Australian Accounting Standards" are applicable to reporting periods beginning on or after 1 January 2007. The Group has not adopted the Standards early. Application of the Standards will not have any effect on the amounts recognised in the Financial Statements, but will affect the type of information in relation to the Group's financial instruments. Other new accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have a material impact on the Group's financial report in subsequent reporting periods.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The consolidated financial report also complies with International Financial Reporting Standards (IFRS).

(c) Basis 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.

Investments in subsidiaries, as recorded in the parent entity (Publishing and Broadcasting Limited) accounts, are carried at cost.

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.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and casino licences with indefinite useful lives

The Group determines whether goodwill and casino licences with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and casino licences with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and casino licences with indefinite useful lives are discussed in note 18.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer, using the assumptions detailed in note 30.

(e) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- ▶ except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- ▶ except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

for the year ended 30 June 2007

1. Summary of significant accounting policies

continued

(e) Income tax continued

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(f) Other taxes

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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

(g) Foreign currency translation

Both the functional and presentation currency of PBL and its Australian subsidiaries is Australian dollars (A\$). Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of PBL at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on

the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand, and short-term deposits.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the full amount may not be collected. Bad debts are written off when identified.

Receivables from associates and other related parties are carried at amortised cost. Interest is recognised with the effective interest rate.

(j) Inventories and program rights

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

(k) Investments in associates

The Group's investment in its associates are accounted for under the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which are not subsidiaries.

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply different accounting policies to the Group, adjustments are made upon application of the equity method.

Investments in the associates, as recorded in the parent entity (Publishing and Broadcasting Limited) accounts, are carried at cost.

The investment in the associates is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

(l) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings – 40 to 75 years

Leasehold improvements – lease term

Plant and equipment – 2 to 15 years

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(n) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(o) Intangible assets

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 Communications and Media Authority, the Directors have no reason to believe the licences will not be renewed.

The Directors regularly assess the carrying value of licences and 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 consider that the life of the licences and mastheads are indefinite life intangible assets.

The casino licence premiums are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence from the time PBL acquired Crown Melbourne, being 34 years. The Burswood licence is perpetual and, as such, no amortisation is charged. The Burswood licence is subject to an annual impairment assessment.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

for the year ended 30 June 2007

1. Summary of significant accounting policies

continued

(o) Intangible assets continued

Development costs

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Other intangible assets

Acquired both separately and from a business combination Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the net asset is derecognised.

(p) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(q) Trade and other payables

Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(s) Provisions

Provisions are recognised when the economic entity has a legal 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

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.

(t) Pensions and other post employment benefits

The Group operates superannuation funds, which require contributions to be made to separately administered funds.

Actuarial gains and losses on the defined benefits fund are recognised as a separate component of equity.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit actuarial valuation method.

(u) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after 12 months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Share-based payment transactions **Equity settled transactions**

The Group provides benefits to senior executives in the form of share-based payments, whereby executives render services in exchange for shares or rights over shares (equity-settled transactions).

The plan in place to provide these benefits is the Executive Share Plan (ESP).

The cost of these equity-settled transactions with executives is measured by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by an external valuer using the Monte Carlo model, further details of which are given in note 30.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of PBL, further details of which are given in note 30.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant executives become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting dates reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(w) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(x) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(y) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges (interest rate swaps) which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement.

Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Notes to the Financial Statements

for the year ended 30 June 2007

1. Summary of significant accounting policies

continued

(z) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement.

Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(aa) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Company, less transaction costs.

(ab) Revenue

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

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.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(ac) Earnings per share

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude any 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 of the parent, 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. Segment information

PBL operated four distinct segments. These being:

- › Gaming – operation of a fully integrated gaming and entertainment facility.
- › Television – operation of commercial television stations (deconsolidated from 6 June 2007),
- › Publishing – magazine publishing and distribution (deconsolidated from 6 June 2007), and
- › Ticketing and events – operation of entertainment venue and event ticketing provider.

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

30 June 2007

	Note	Gaming \$'000	Television* (Discon- tinued) \$'000	Magazines* (Discon- tinued) \$'000	Ticketing and Events (Discon- tinued) \$'000	Unall- ocated \$'000	PBL Group \$'000	Less: Discon- tinued Operations \$'000	Continuing Operations \$'000
(a) Industry segment									
Operating revenue									
Total		1,915,496	770,841	790,466	105,821	5,677	3,588,301	1,667,128	1,921,173
Intersegment		(6,953)	(8,458)	(2,055)	(365)	(4,460)	(22,291)	(10,878)	(11,413)
External customers	3	1,908,543	762,383	788,411	105,456	1,217	3,566,010	1,656,250	1,909,760
Other income	3	164	8,008	5,940	–	1,543,378	1,557,490	1,557,288	202
Interest revenue	3						112,803	4,742	108,061
Total revenue		1,908,707	770,391	794,351	105,456	1,544,595	5,236,303	3,218,280	2,018,023
Segment result									
Earnings before interest, tax, depreciation and amortisation "EBITDA"		603,810	206,618	248,095	23,730	(76,431)	1,005,822	478,443	527,379
Depreciation and amortisation	3	(120,053)	(19,864)	(9,080)	(8,636)	(7,284)	(164,917)	(37,580)	(127,337)
Earnings before interest and tax "EBIT"		483,757	186,754	239,015	15,094	(83,715)	840,905	440,863	400,042
Specific items		–	(38,800)	(23,300)	–	1,389,663	1,327,563	1,400,961	(73,398)
Equity accounted share of associates' net profit	12						62,457	36,284	26,173
Net interest (expense)	3						(150,284)	(107,141)	(43,143)
Profit from operating activities before income tax and minority interests		483,757	147,954	215,715	15,094	1,305,948	2,080,641	1,770,967	309,674
Less: tax expense	5						(100,410)	(81,643)	(18,767)
Profit after tax		483,757	147,954	215,715	15,094	1,305,948	1,980,231	1,689,324	290,907
Total assets employed[^]		4,684,385	–	–	103,248	2,392,059	7,179,692	447,435	6,732,257
Total liabilities		849,632	–	–	78,619	386,157	1,314,408	124,377	1,190,031
Acquisition of non-current assets		897,391	248,112	60,841	15,481	93,183	1,315,008	322,241	992,767
Investments in associates		1,180,996	–	–	–	(122,785)	1,058,211	143,000	915,211
Non-cash (income)/expenses (other than depn and amort)		12,030	(18,039)	9,950	(9)	40,258	44,190	(8,098)	52,288

* Results included to the date of loss of control of Television and Magazine divisions being 5 June 2007 (2006 includes full year results).

[^] Unallocated assets include investments of \$78.4 million (2006: \$747.1 million) and unallocated cash on deposit of \$2,086.2 million (2006: \$1,044.8 million).

Notes to the Financial Statements

for the year ended 30 June 2007

2. Segment information continued 30 June 2006

	Note	Gaming \$'000	Television* (Discon- tinued) \$'000	Magazines* (Discon- tinued) \$'000	Ticketing and Events (Discon- tinued) \$'000	Unall- ocated \$'000	PBL Group \$'000	Less: Discon- tinued Operations \$'000	Continuing Operations \$'000
(a) Industry segment									
Operating revenue									
Total		1,724,311	873,901	882,192	90,045	10,823	3,581,272	1,846,138	1,735,134
Intersegment		(4,100)	(7,962)	(2,674)	–	(3,960)	(18,696)	(10,636)	(8,060)
External customers	3	1,720,211	865,939	879,518	90,045	6,863	3,562,576	1,835,502	1,727,074
Other income	3	23	714	16,764	–	5,321	22,822	17,478	5,344
Interest revenue	3						70,849	5,097	65,752
Total revenue		1,720,234	866,653	896,282	90,045	12,184	3,656,247	1,858,077	1,798,170
Segment result									
Earnings before interest, tax, depreciation and amortisation "EBITDA"		534,482	215,188	261,351	15,298	(48,649)	977,670	491,837	485,833
Depreciation and amortisation	3	(119,592)	(23,185)	(8,754)	(7,386)	(2,566)	(161,483)	(39,325)	(122,158)
Earnings before interest and tax "EBIT"		414,890	192,003	252,597	7,912	(51,215)	816,187	452,512	363,675
Specific items		–	(15,248)	1,416	–	(6,500)	(20,332)	(13,832)	(6,500)
Equity accounted share of associates' net profit	12						78,327	36,844	41,483
Net interest (expense)	3						(117,365)	4,740	(122,105)
Profit from operating activities before income tax and minority interests		414,890	176,755	254,013	7,912	(57,715)	756,817	480,264	276,553
Less: tax expense	5						(134,894)	(102,997)	(31,897)
Profit after tax		414,890	176,755	254,013	7,912	(57,715)	621,923	377,267	244,656
Total assets employed^a		3,280,676	1,513,332	1,578,968	64,017	1,914,104	8,351,097	3,608,985	4,742,112
Total liabilities		691,867	478,560	286,681	78,267	2,944,558	4,479,933	893,880	3,586,053
Acquisition of non-current assets		320,574	20,489	15,216	5,533	31,452	393,264	39,763	353,501
Investments in associates		422,749	1,650	56,924	–	545,003	1,026,325	319,849	706,476
Non-cash (income)/expenses (other than depn and amort)		19,792	(29,561)	15,294	(989)	(2,514)	2,022	(15,256)	17,278

(b) Geographical segment

The consolidated entity operates principally within Australia.

3. Revenue and expenses

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Profit before income tax expense includes the following revenues and expenses:				
(i) Revenue from continuing operations				
Revenue from services	1,639,591	1,486,834	–	–
Revenue from sale of goods	270,135	234,969	–	–
Interest	108,061	65,752	455	63,195
Dividends	34	5,182	1,446	417,915
Other operating revenue	–	89	–	56
	2,017,821	1,792,826	1,901	481,166
(ii) Other income from continuing operations				
Profit on disposal of non-current assets	202	5,344	4,359	417
(iii) Expenses from continuing operations				
Cost of sales	95,484	78,088	–	–
Gaming activities	1,329,466	1,227,256	–	–
Other activities	158,368	69,899	156	77,846
	1,583,318	1,375,243	156	77,846
Depreciation of non-current assets (included in expenses above)				
Buildings	40,170	37,307	–	–
Plant and equipment	66,107	65,843	–	–
	106,277	103,150	–	–
Amortisation of non-current assets (included in expenses above)				
Casino licence fee and management agreement	14,417	14,417	–	–
Plant and equipment under finance lease	107	66	–	–
Leasehold property	13	11	–	–
Other assets	6,523	4,514	–	–
	21,060	19,008	–	–
Total depreciation and amortisation expense	127,337	122,158	–	–
(iv) Specific items				
Continuing operations				
Restructuring costs	73,398	6,500	–	–
Discontinued operations				
Net profit on disposal of investments	(1,530,896)	(16,764)	–	–
Impairment and write down of non-current assets	79,734	–	–	–
Restructuring costs	7,001	30,596	–	–
Other provisions	43,200	–	–	–
	(1,400,961)	13,832	–	–
Total specific items	(1,327,563)	20,332	–	–
(v) Other income and expense disclosures				
Finance costs expensed:				
Debt facilities	151,172	187,745	24,805	22,876
Controlled entities	–	–	674	380,635
Finance leases	32	112	–	–
	151,204	187,857	25,479	403,511
Bad and doubtful debts – trade debtors	6,901	8,036	–	–
Rentals – operating leases	8,387	19,315	–	–
Defined benefit superannuation plan expenses	(575)	(553)	–	–
Defined contribution plan expense	60,220	38,286	–	–
Other employee benefits expense	699,207	842,749	–	–
Executive share plan expenses	9,509	854	–	–
Net foreign currency gains/(losses)	2,194	3,210	–	(9,945)

Notes to the Financial Statements

for the year ended 30 June 2007

4. Dividends paid and proposed

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Dividends appropriated during the financial year				
Current year interim dividend (paid 13 April 2007)				
Paid at 30 cents (2006: 30 cents) per share and fully franked (2006: fully franked) at the Australian tax rate of 30% (2006: 30%)	202,669	201,751	202,669	201,751
Prior year final dividend (paid 13 October 2006)				
Paid at 29 cents (2005: 25 cents) per share and fully franked (2005: fully franked) at the Australian tax rate of 30% (2005: 30%)	196,474	168,265	196,474	168,265
Total dividends appropriated	399,143	370,016	399,143	370,016
(b) Dividends declared and not recognised as a liability				
Current year final dividend on ordinary shares (expected to be paid 15 October 2007)				
Declared at 25 cents (2006: 29 cents) per share and fully franked (2006: fully franked) at the Australian tax rate of 30% (2006: 30%)	169,718	196,474	169,718	196,474
(c) Franking credits				
The tax rate at which the final dividend will be franked is 30% (2006: 30%). The franking account disclosures have been calculated using the franking rate applicable at 30 June 2007.				
The amount of franking credits available for the subsequent financial year:				
Franking account balance as at the end of the financial year at 30% (2006: 30%)	49,049	18,254	49,049	5,393
Franking credits that will arise from the payment of income taxes payable as at the end of the financial year	22,670	59,737	22,425	31,276
Total franking credits	71,719	77,991	71,474	36,669
The amount of franking credits available for future reporting periods:				
Impact on the franking account of dividends declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the financial year	(72,736)	(84,203)	(72,736)	(84,203)
	(1,017)	(6,212)	(1,262)	(47,534)

The company will pay tax instalments before the payment of the final dividend to ensure the dividends can be fully franked.

5. Income tax

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Income tax expense				
The prima facie tax expense, using tax rates applicable in the country of operation, on profit differs from income tax provided in the financial statements as follows:				
Profit/(loss) before income tax	2,080,641	756,817	(19,375)	226
Prima facie income tax expense on profit at the Australian rate of 30% (2006: 30%)	624,192	227,045	(5,812)	68
Tax effect of:				
Rebatable dividends	(3,198)	(1,414)	(433)	(125,374)
Non-deductible depreciation and amortisation	2,584	5,104	–	–
Net capital (gain)	(465,057)	(6,505)	(1,308)	–
Share of associates' net (profits)	(18,737)	(23,498)	–	–
Tax losses previously not recognised now brought to account	(70,062)	(15,778)	(37,628)	–
Dividends from associated entities	8,500	15,962	–	–
Other items – net	(801)	(6,290)	25	–
Impairment and write down of investments	23,920	–	–	–
Deferred income tax on temporary differences	338	1,963	–	–
Income tax (over)/under provided in prior years ¹	(1,269)	(61,695)	263	(643)
Income tax expense/(benefit)	100,410	134,894	(44,893)	(125,949)
Income tax expense/(benefit) comprises –				
Current expense	101,341	194,626	(45,156)	(125,306)
Deferred expense/(benefit)	338	1,963	–	–
Adjustments for current income tax of prior periods	(1,269)	(61,695)	263	(643)
	100,410	134,894	(44,893)	(125,949)
(b) Deferred income taxes				
Deferred income tax assets	184,052	220,957	33,241	–
Deferred income tax liabilities	477,331	505,100	179,386	203,544
Net deferred income tax liabilities	(293,279)	(284,143)	(146,145)	(203,544)
(c) Deferred income tax assets and liabilities at the end of the financial year				
Doubtful debt provision	18,287	16,353	–	–
TV licence fees accrued	–	19,561	–	–
Employee benefits provision	18,218	29,206	–	–
Revenue losses carried forward	33,241	–	33,241	–
Other receivables	34,296	–	–	–
Other provisions	38,606	64,089	–	–
Revaluation to fair value of:				
Investments	(224,857)	(82,017)	(179,386)	(203,544)
Prepaid casino tax	(22,152)	(22,973)	–	–
Licences, mastheads and intangibles	(145,384)	(197,554)	–	–
Land and buildings	(45,179)	(45,694)	–	–
Accelerated depreciation for tax purposes	(10,650)	(74,281)	–	–
Other	12,295	9,167	–	–
Net deferred income tax assets/(liabilities)	(293,279)	(284,143)	(146,145)	(203,544)

1 Over provision in 2006 primarily relates to a change in the tax base of certain assets during the year.

Notes to the Financial Statements

for the year ended 30 June 2007

5. Income tax continued

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(d) Movements in deferred income tax assets and liabilities during the financial year, reflected in deferred income tax expense/(benefit)				
Revaluation to fair value of:				
Investments	5,483	7,108	-	-
Prepaid casino tax	(820)	(820)	-	-
Licences, mastheads and intangibles	(4,325)	(4,325)	-	-
Net deferred income tax expense/(benefit)	338	1,963	-	-
(e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable				
Income tax	-	118,835	-	-
The Group has tax losses arising in Australia that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.				
Capital gains tax – no expiry date	1,344,492	462,391	1,344,492	462,391
Total tax losses not brought to account	1,344,492	581,226	1,344,492	462,391
Potential tax benefit at respective tax rates	403,348	174,368	403,348	138,717

(f) Withholding taxes payable

At 30 June 2007, there is no recognised or unrecognised deferred income tax liability (2006: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

(g) Tax consolidation

PBL and its 100 percent owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2002. PBL is the head entity of the 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 wholly-owned subsidiaries. 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.

(h) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, PBL.

6. Discontinued operations

(a) Details of operations disposed and held for sale

On 7 February 2007, the Board of Directors entered into a sale agreement to dispose a 50 percent interest in PBL Media Holdings Pty Limited to CVC Asia Pacific and CVC Capital Partners. These operations have been disclosed as discontinued and were deconsolidated on 6 June 2007.

On 1 June 2007, the Board of Directors entered into a sale agreement to dispose a further 25 percent interest in PBL Media Holdings Pty Limited to CVC Asia Pacific and CVC Capital Partners. The disposal was completed on 10 September 2007, on which date control of the business passed to the acquirer. This transaction has taken CVC's overall ownership of PBL Media to 75 percent with PBL retaining a 25 percent share.

PBL disposed of its Ticketek Pty Limited and Sydney Superdome Pty Limited interests to PBL Media. This disposal was completed on 17 July 2007, on which date control of the business passed to the acquirer. At 30 June 2007, these entities are classified as disposal groups held for sale.

PBL Media formed the Television and Magazine segments. Ticketek Pty Limited and Sydney Superdome Pty Limited are included in the Ticketing and Events segment.

On 8 May 2007, PBL announced its intention to sell Hoyts and New Regency. Hoyts and New Regency have therefore been classified as held for sale.

(b) Financial performance of operations disposed and held for sale

The results of the discontinued operations for the year until disposal are presented in note 2 Segment information.

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of Ticketek Pty Limited and Sydney Superdome Pty Limited at 30 June 2007 are as follows:

	Ticketek and Sydney Superdome \$'000
Assets	
Intangibles	63,069
Property, plant and equipment	27,715
Inventories	915
Trade and other receivables	4,556
Other assets	6,992
Assets classified as held for sale	103,247
Liabilities	
Trade and other payables	71,967
Other liabilities	6,652
Liabilities directly associated with assets classified as held for sale	78,619
Net assets/liabilities attributable to discontinued operations	24,628

Investments in Hoyts and New Regency are disclosed in note 11.

(d) Cash flow information – held for sale operations

The net cash flows of held for sale operations are as follows:

	Ticketing and Events \$'000	Hoyts \$'000	New Regency \$'000	Total \$'000
Operating activities	26,103	–	–	26,103
Net cash inflow	10,622	–	–	10,622

(e) Assets and liabilities and cash flow information of disposed entity

Details of the disposal of PBL Media Holdings Pty Limited are as follows:

The major classes of assets and liabilities of the PBL Media Holdings Group on 7 February 2007 were as follows:

	\$'000
Assets	
Intangibles	2,195,600
Property, plant and equipment	141,300
Inventories	112,200
Trade and other receivables	310,000
Other assets	279,300
Cash and cash equivalents	26,900
	3,065,300
Liabilities	
Trade and other payables	452,300
Other liabilities	179,920
Interest-bearing loans and borrowings	3,676,000
	4,308,220
Net (liabilities) attributable to discontinued operations	(1,242,920)
Net (liabilities) disposed of	(621,460)

Notes to the Financial Statements

for the year ended 30 June 2007

6. Discontinued operations continued

(e) Assets and liabilities and cash flow information of disposed entity continued

The net cash flows of PBL Media Holdings Group for the period until disposal were as follows:

	\$'000
Operating activities	495,109
Net cash inflow	202,101
Consideration received or receivable:	
Cash	910,500
Add: net liabilities disposed of	621,460
Gain on disposal before income tax	1,531,960
Income tax benefit	3,414
Gain on disposal after income tax	1,535,374
Net cash inflow on disposal:	
Cash and cash equivalents consideration	910,500
Less cash and cash equivalents balance disposed of	(26,900)
Reflected in the consolidated cash flow statement	883,600

The assets and liabilities disclosed above were at 7 February 2007. The only material change to these assets and liabilities up to 6 June 2007, the date they were deconsolidated, was to reflect the acquisition of NBN Enterprises Pty Limited ("NBN"). The assets and liabilities acquired in relation to NBN, including the debt financing of that transaction were:

	\$'000
Assets	
Intangibles	127,400
Property, plant and equipment	33,989
Trade and other receivables	21,595
Cash and cash equivalents	470
	183,454
Liabilities	
Trade and other payables	31,690
Provisions	4,244
Trade and other payables	35,934
Identifiable net assets	147,520
Goodwill	90,480
Net assets acquired	238,000
Interest bearing liabilities	(198,000)
Net increase to PBL net assets as a result of NBN acquisition	40,000

7. Trade and other receivables

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Trade receivables	103,568	392,767	-	-
Provision for doubtful debts	(44,242)	(41,412)	-	-
	59,326	351,355	-	-
Loans to associated entities	384	304	-	-
Loans to Directors	92	169	-	-
Other receivables	45,154	42,352	279	413
	45,630	42,825	279	413
	104,956	394,180	279	413
Non-Current				
Loans to associated entities	73,339	15,324	-	-
Loans to controlled entities	-	-	4,880,248	9,317,429
Other receivables	21,762	17,815	-	-
Provision for doubtful debts	(5,000)	(5,000)	-	-
	90,101	28,139	4,880,248	9,317,429

8. Inventories

Current				
Raw materials (at cost)	4,546	27,094	-	-
Finished goods (at cost)	5,176	11,888	-	-
Work in progress (at cost)	-	1,964	-	-
	9,722	40,946	-	-

9. Program rights

Current				
Program rights (at cost)	-	144,502	-	-
Provision for program rights	-	(47,623)	-	-
	-	96,879	-	-
Non-Current				
Program rights (at cost)	-	32,728	-	-

Notes to the Financial Statements

for the year ended 30 June 2007

10. Other assets

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Development costs	–	2,860	–	–
Deposits	108	474	–	–
Other	–	5,743	–	–
	108	9,077	–	–
Non-Current				
Prepaid casino tax at cost	100,800	100,800	–	–
Accumulated amortisation	(26,960)	(24,225)	–	–
	73,840	76,575	–	–
Development costs	–	3,033	–	–
Other	–	538	–	–
	–	3,571	–	–

11. Assets classified as held for sale

Current				
Ticketek and Sydney Superdome	6, 28	103,247	–	–
Hoyts – Associate*		143,000	–	–
New Regency – Available for sale		201,188	–	–
		447,435	–	–

* Recoverable amount of the investment in Hoyts was assessed upon classification of the investment as held for sale. An impairment loss of \$66 million was recognised to write down the investment to fair value less cost to sell. The impairment loss has been recognised in the income statement in the line item "Discontinued operations after income tax". Fair value is based on the amount for which the investment could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the balance date.

12. Investments accounted for using the equity method

Non-Current

Investments at equity accounted amount:

Associated entities – unlisted shares	824,426	967,762	–	–
Associated entities – listed shares	90,785	58,563	–	–
Total investments in associates	915,211	1,026,325	–	–
Fair value of listed investments:				
SEEK Ltd	568,027	374,331	–	–
Global Television Ltd	–	6,998	–	–
Melco PBL Entertainment (Macau) Ltd	7,434,000	–	–	–
	8,002,027	381,329	–	–

Investments in Associates	Reporting Date	Principal Activity	Country of Incorporation or Residence	% Interest ¹	
				2007	2006
Melco PBL Entertainment (Macau) Ltd	31 Dec ²	Resort/Casino and gaming machine operator	Macau	41.4	50.0
Sky Cable Pty Ltd	30 Jun	Investment in Pay TV	Australia	50.0	50.0
Premier Media Group	30 Jun	Pay TV sport service	Australia	50.0	50.0
SEEK Ltd	30 Jun	Online job search service	Australia	27.2	25.0
Aspinalls	30 Jun	Casino and gaming machine operator	UK	50.0	–
PBL Media	30 Jun	Magazine publishing and broadcast services	Australia	50.0	–
Betfair Australasia Pty Ltd	30 Apr ²	Betting exchange	Australia	50.0	50.0
Global Television Ltd	30 Jun	Broadcast services and facilities	Australia	–	24.1
Hoyts Cinemas Group	30 Jun	Film Exhibition, Distribution and Advertising	Australia	–	50.0
ACP-NatMags Joint Venture	31 Dec ²	Magazine Publishing	UK	–	50.0
carsales.com.au Ltd	30 Jun	Internet automotive classified advertising	Australia	–	41.0
ninemsn Pty Ltd	30 Jun	Provider of online content and services	Australia	–	50.0
Australian News Channel Pty Ltd	30 Jun	Pay TV news service	Australia	–	33.3
TX Australia Pty Ltd	30 Jun	Television transmission	Australia	–	33.3

1 The proportion of ownership interest is equal to the proportion of voting power held.

2 The Group uses 30 June results to equity account for the investments.

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Share of associates' revenue and profits					
Share of associates':					
Revenue		637,529	417,182	-	-
Operating profit before income tax		80,001	83,775	-	-
Income tax expense		(17,545)	(5,448)	-	-
Share of associates' net profit after income tax	2	62,457	78,327	-	-
Carrying amount of investments in associates					
Balance at the beginning of the financial year		1,026,325	726,392	-	-
Carrying amount of investments in associates acquired during the year		340,249	274,545	-	-
Share of associates' net profit/(loss) for the year		62,457	78,327	-	-
Dividends received or receivable		(28,332)	(52,939)	-	-
Gain on issue of shares by associate		488,145	-	-	-
Impairment and write down of investments		(66,235)	-	-	-
Recognition of PBL Media on deconsolidation		(642,375)	-	-	-
Transfer to assets held for sale		(143,000)	-	-	-
Carrying amount of investments in associates disposed of during the year		(122,023)	-	-	-
Carrying amount of investment in associates at the end of the financial year		915,211	1,026,325	-	-
Represented by:					
Investments at equity accounted amount:					
› Melco PBL Entertainment (Macau) Ltd		1,052,642	422,747	-	-
› Sky Cable Pty Ltd		138,757	121,883	-	-
› Premier Media Group		117,930	92,465	-	-
› Aspinalls		109,923	-	-	-
› SEEK Ltd		90,785	48,770	-	-
› Betfair Australasia Pty Ltd		18,430	20,610	-	-
› PBL Media ¹		(613,256)	-	-	-
› Hoyts Cinemas Group		-	189,767	-	-
› ACP-Natmags Joint Venture		-	55,904	-	-
› carsales.com.au Ltd		-	34,961	-	-
› ninemsn Pty Ltd		-	24,638	-	-
› Global Television Ltd		-	9,793	-	-
› Other non-material entities		-	4,787	-	-
		915,211	1,026,325	-	-
<p>¹ The negative carrying value of the investment in PBL Media reflects 50% of the cost of net assets sold by PBL to PBL Media, offset by the 50% share of PBL Media's debt.</p>					
The consolidated entity's share of the assets and liabilities of associates in aggregate					
Current assets		617,632	250,863	-	-
Non-current assets		4,969,001	755,582	-	-
Current liabilities		(486,692)	(76,613)	-	-
Non-current liabilities		(2,531,121)	(178,379)	-	-
Net assets		2,568,820	751,453	-	-
Retained profits/(accumulated losses) of the consolidated entity attributable to associates					
Balance at the beginning of the financial year		58,656	(19,671)	-	-
Share of associates' net profits		62,457	78,327	-	-
Disposal of associated entities		(41,472)	-	-	-
Balance at the end of the financial year		79,641	58,656	-	-

Notes to the Financial Statements

for the year ended 30 June 2007

13. Available-for-sale financial assets

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
At fair value				
Shares – unlisted	396,770	237,595	111,719	–
Shares – listed	1,242	780	–	5,752
	398,013	238,375	111,719	5,752

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair values recorded in the income statement are reasonable and the most appropriate at the balance sheet date.

14. Other financial assets

Non-current

Controlled entities:

Unlisted shares	–	–	9,435,775	3,366,877
Other investments	–	17,273	55	55
Total investments	–	17,273	9,435,830	3,366,932

15. Property, plant and equipment

	CONSOLIDATED							PARENT ENTITY
	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Construction work in progress \$'000	Leased plant and equipment \$'000	Total property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2007								
At 1 July 2006, net of accumulated depreciation and impairment	733,275	660,748	8,901	481,478	24,061	1,719	1,910,182	–
Additions	38,206	17,290	5,141	165,991	10,846	120	237,594	–
Disposals	(383)	–	(493)	(1,246)	–	(24)	(2,146)	–
Disposal of entities	(60,976)	–	(6,290)	(71,544)	(9,306)	(1,295)	(149,411)	–
Depreciation expense	(17,287)	(24,037)	–	(93,921)	–	–	(135,245)	–
Amortisation expense	–	–	(1,885)	–	–	(311)	(2,196)	–
Transfer (to)/from freehold land and buildings	–	–	–	(1,350)	–	–	(1,350)	–
Transfer (to)/from plant and equipment	1,350	–	–	–	(116)	–	1,234	–
Transfer (to)/from construction work in progress	–	–	–	116	–	–	116	–
Transfer (to)/from assets held for sale	–	–	–	(27,718)	–	–	(27,718)	–
At 30 June 2007, net of accumulated depreciation and impairment	694,185	654,001	5,374	451,806	25,485	209	1,831,060	–
At 1 July 2006								
Cost (gross carrying amount)	847,434	929,916	19,681	1,391,122	24,061	16,828	3,229,042	–
Accumulated depreciation and impairment	(114,159)	(269,168)	(10,780)	(909,644)	–	(15,109)	(1,318,860)	–
Net carrying amount	733,275	660,748	8,901	481,478	24,061	1,719	1,910,182	–
At 30 June 2007								
Cost (gross carrying amount)	820,225	947,206	5,838	1,146,271	25,485	10,981	2,956,006	–
Accumulated depreciation and impairment	(126,040)	(293,205)	(464)	(694,465)	–	(10,772)	(1,124,946)	–
Net carrying amount	694,185	654,001	5,374	451,806	25,485	209	1,831,060	–

	CONSOLIDATED							PARENT ENTITY
	Freehold land and buildings \$'000	Buildings on leasehold land \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Construction work in progress \$'000	Leased plant and equipment \$'000	Total property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2006								
At 1 July 2005, net of accumulated depreciation and impairment	715,767	677,158	8,497	469,590	30,845	8,101	1,909,958	–
Additions	6,603	6,893	2,612	77,325	45,822	181	139,436	–
Disposals	(234)	–	(124)	(1,477)	–	–	(1,835)	–
Depreciation expense	(15,121)	(23,303)	–	(93,567)	–	–	(131,991)	–
Amortisation expense	–	–	(2,084)	–	–	(3,302)	(5,386)	–
Transfer (to)/from freehold land and buildings	–	–	–	6,099	(32,359)	–	(26,260)	–
Transfer (to)/from plant and equipment	(6,099)	–	–	–	(20,247)	(3,261)	(29,607)	–
Transfer (to)/from construction work in progress	32,359	–	–	20,247	–	–	52,606	–
Transfer (to)/from leased assets	–	–	–	3,261	–	–	3,261	–
At 30 June 2006, net of accumulated depreciation and impairment	733,275	660,748	8,901	481,478	24,061	1,719	1,910,182	–
At 1 July 2005	–							
Cost (gross carrying amount)	812,640	923,024	18,142	1,275,443	30,845	32,259	3,092,353	–
Accumulated depreciation and impairment	(96,873)	(245,866)	(9,645)	(805,853)	–	(24,158)	(1,182,395)	–
Net carrying amount	715,767	677,158	8,497	469,590	30,845	8,101	1,909,958	–
At 30 June 2006								
Cost (gross carrying amount)	847,434	929,916	19,681	1,391,122	24,061	16,828	3,229,042	–
Accumulated depreciation and impairment	(114,159)	(269,168)	(10,780)	(909,644)	–	(15,109)	(1,318,860)	–
Net carrying amount	733,275	660,748	8,901	481,478	24,061	1,719	1,910,182	–

Notes to the Financial Statements

for the year ended 30 June 2007

16. Licences and mastheads

	CONSOLIDATED				PARENT ENTITY
	Television licences ¹ \$'000	Casino licence ¹ \$'000	Magazine mastheads ^{1,2} \$'000	Total \$'000	Total \$'000
Year ended 30 June 2007					
At 1 July 2006, net of accumulated depreciation and impairment	894,555	681,810	846,613	2,422,978	–
Acquisition of entities	127,400	–	–	127,400	–
Disposal of entities	(1,021,955)	–	(846,613)	(1,868,568)	–
Amortisation expense	–	(7,471)	–	(7,471)	–
At 30 June 2007, net of accumulated amortisation and impairment	–	674,339	–	674,339	–
At 1 July 2006					
Cost (gross carrying amount)	894,555	774,899	846,613	2,516,067	–
Accumulated depreciation and impairment	–	(93,089)	–	(93,089)	–
Net carrying amount	894,555	681,810	846,613	2,422,978	–
At 30 June 2007					
Cost (gross carrying amount)	–	774,899	–	774,899	–
Accumulated depreciation and impairment	–	(100,560)	–	(100,560)	–
Net carrying amount	–	674,339	–	674,339	–
Year ended 30 June 2006					
At 1 July 2005, net of accumulated depreciation and impairment	894,555	689,281	855,673	2,439,509	–
Additions	–	–	276	276	–
Disposals	–	–	(3,384)	(3,384)	–
Net foreign currency movements	–	–	(5,952)	(5,952)	–
Amortisation expense	–	(7,471)	–	(7,471)	–
At 30 June 2006, net of accumulated amortisation and impairment	894,555	681,810	846,613	2,422,978	–
At 1 July 2005					
Cost (gross carrying amount)	894,555	774,899	855,673	2,525,127	–
Accumulated depreciation and impairment	–	(85,618)	–	(85,618)	–
Net carrying amount	894,555	689,281	855,673	2,439,509	–
At 30 June 2006					
Cost (gross carrying amount)	894,555	774,899	846,613	2,516,067	–
Accumulated depreciation and impairment	–	(93,089)	–	(93,089)	–
Net carrying amount	894,555	681,810	846,613	2,422,978	–

1 Purchased as part of a business combination.

2 Asset purchase.

For the year ended 30 June 2007:

- ▶ the casino licence premiums are carried at cost and amortised on a straight line basis over their useful lives. The Crown licence is being amortised over 34 years. The Burswood licence is perpetual and no amortisation is charged.

17. Other intangible assets

	CONSOLIDATED				PARENT ENTITY
	Goodwill ¹ \$'000	Casino management agreement ¹ \$'000	Venue ticketing rights ^{1,2} \$'000	Total \$'000	Total \$'000
Year ended 30 June 2007					
At 1 July 2006, net of accumulated depreciation and impairment	413,969	190,372	12,271	616,612	–
Disposal of entities	(556,729)	–	–	(556,729)	–
Transfer to held for sale	–	–	(7,102)	(7,102)	–
Additions	169,803	–	–	169,803	–
Amortisation expense	–	(6,946)	(5,169)	(12,115)	–
At 30 June 2007, net of accumulated amortisation and impairment	27,043	183,426	–	210,469	–
At 1 July 2006					
Cost (gross carrying amount)	413,969	245,279	30,136	689,384	–
Accumulated depreciation and impairment	–	(54,907)	(17,865)	(72,772)	–
Net carrying amount	413,969	190,372	12,271	616,612	–
At 30 June 2007					
Cost (gross carrying amount)	27,043	245,279	–	272,322	–
Accumulated depreciation and impairment	–	(61,853)	–	(61,853)	–
Net carrying amount	27,043	183,426	–	210,469	–
Year ended 30 June 2006					
At 1 July 2005, net of accumulated depreciation and impairment	408,564	197,318	14,453	620,335	–
Additions	5,405	–	1,587	6,992	–
Amortisation expense	–	(6,946)	(3,769)	(10,715)	–
At 30 June 2006, net of accumulated amortisation and impairment	413,969	190,372	12,271	616,612	–
At 1 July 2005					
Cost (gross carrying amount)	408,564	245,279	28,549	682,392	–
Accumulated depreciation and impairment	–	(47,961)	(14,096)	(62,057)	–
Net carrying amount	408,564	197,318	14,453	620,335	–
At 30 June 2006					
Cost (gross carrying amount)	413,969	245,279	30,136	689,384	–
Accumulated depreciation and impairment	–	(54,907)	(17,865)	(72,772)	–
Net carrying amount	413,969	190,372	12,271	616,612	–

1 Purchased as part of a business combination.

2 Asset purchase.

For the year ended 30 June 2007:

- goodwill is considered to have an indefinite life and is tested annually for impairment (see note 18).
- the useful life of the casino management agreement is 34 years, and is amortised on a straight line basis.

Notes to the Financial Statements

for the year ended 30 June 2007

18. Impairment testing of goodwill and casino licences

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGU's) identified according to business segment.

The recoverable amount of a CGU is determined based on fair value less costs to sell. Fair value less costs to sell is calculated using a discounted cash flow methodology covering a specified period, with an appropriate residual value at the end of that period, for each segment. The methodology utilises cash flow forecasts that are based primarily on business plans presented to and approved by the Board.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and casino licences.

(i) Cash flow forecasts

Cash flow forecasts are based on three year business plans presented to and approved by the Board.

(ii) Residual value

Residual value is calculated using a perpetuity growth formula based on the cash flow forecast using a weighted average cost of capital (after tax) and forecast growth rate.

(iii) Forecast growth rates

Forecast growth rates are based on past performance and management's expectations for future performance in each segment.

(iv) Discount rates

Discount rates used are the weighted average cost of capital (after tax) for the group in each segment, risk adjusted where applicable.

The carrying value of goodwill is allocated to the following CGU's or groups of CGU's:

	2007 \$M	2006 \$M
Magazines	–	326.0
Ticketek	–	39.4
Gaming	27.0	27.0
Other	–	21.5
	27.0	413.9

19. Trade and other payables

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current – unsecured				
Trade and other payables	223,776	583,793	12,174	1,897
Program contract payables	–	64,555	–	–
Deferred income	11,045	36,770	–	–
	234,821	685,118	12,174	1,897
Non-Current – unsecured				
Program contract payables	–	59,452	–	–
Other	114	10,813	–	–
	114	70,265	–	–

20. Interest-bearing loans and borrowings

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current – secured					
Lease liabilities	26(b)	46	63	–	–
Hire purchase liabilities		–	105	–	–
		46	168	–	–
Current – unsecured					
Bank facilities		20,000	20,000	–	–
Other senior debt		–	807,357	–	–
		20,000	827,357	–	–
Total current		20,046	827,525	–	–
Non-Current – secured					
Lease liabilities	26(b)	266	265	–	–
Hire purchase liabilities		–	39	–	–
		266	304	–	–
Non-Current – unsecured					
Other senior debt		299,234	1,794,304	196,000	–
Subordinated debt		–	300,000	–	300,000
Loans from associated entities		9,644	–	–	–
Loans from controlled entities		–	–	8,846,449	6,678,908
		308,878	2,094,304	9,042,449	6,978,908
Total non-current		309,144	2,094,608	9,042,449	6,978,908

The lease and hire purchase liabilities are secured by a charge over the assets.

Assets pledged as security

The carrying amounts of assets pledged as security for interest-bearing liabilities are:

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Finance lease					
Plant and equipment	15	209	1,719	–	–
Floating charge					
Plant and equipment		–	144	–	–
Total assets pledged as security		209	1,863	–	–

Notes to the Financial Statements

for the year ended 30 June 2007

21. Provisions

	Employee entitlements \$'000	Onerous contracts \$'000	Restructuring \$'000	Bonus \$'000	Guarantee \$'000	Other \$'000	Total \$'000
Consolidated							
At 1 July 2006	100,480	33,092	29,240	28,053	–	46,715	237,580
Disposal of entities	(45,650)	(35,506)	(4,724)	(2,752)	–	(20,193)	(108,825)
Arising during the year	7,389	14,800	81,399	–	–	8,721	112,309
Utilised during the year	–	(12,386)	(54,332)	(2,683)	–	–	(69,401)
At 30 June 2007	62,219	–	51,583	22,618	–	35,243	171,663
Current 2007	54,664	–	51,583	9,225	–	22,364	137,836
Non-current 2007	7,555	–	–	13,393	–	12,879	33,827
	62,219	–	51,583	22,618	–	35,243	171,663
Current 2006	75,294	12,415	29,240	10,329	–	28,561	155,839
Non-current 2006	25,186	20,677	–	17,724	–	18,154	81,741
	100,480	33,092	29,240	28,053	–	46,715	237,580
Parent entity							
At 1 July 2006	–	–	–	–	10,865	–	10,865
Utilised during the year	–	–	–	–	–	–	–
At 30 June 2007	–	–	–	–	10,865	–	10,865
Current 2007	–	–	–	–	–	–	–
Non-current 2007	–	–	–	–	10,865	–	10,865
	–	–	–	–	10,865	–	10,865
Current 2006	–	–	–	–	–	–	–
Non-current 2006	–	–	–	–	10,865	–	10,865
	–	–	–	–	10,865	–	10,865

Onerous contracts

The provision for onerous contracts represents contracts, that due to changes in market conditions, the income is lower than cost for which the Group is currently obligated under the contract. The net obligation under the contracts has been provided for.

Restructuring

The provision for restructuring and termination costs primarily represents the present value of the Directors' best estimate of the costs directly and necessarily caused by the restructuring of the Group, that are not associated with the ongoing activities of the entity, including termination benefits. The restructure is expected to be completed by early 2008. The component relating to employee termination benefits has been accounted for in accordance with AASB 119 *Employee Benefits*.

Bonus

The provision for bonus represents the present value of bonuses and long-term incentive payments to be made to senior management upon achievement of both individual performance and the Company reaching defined targets established at the commencement of the fiscal year.

Guarantee

The provision for guarantee represents a guarantee for those companies in the class order group in the event a potential liability arises as a result of a deficiency in funds.

22. Liabilities directly associated with the assets classified as held for sale

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Current				
Ticketek	59,372	–	–	–
Sydney Superdome	19,247	–	–	–
	78,619	–	–	–

23. Contributed equity

Issued share capital

Ordinary shares fully paid	2,454,986	2,359,614	2,454,986	2,359,609
Movements in issued share capital				
Carrying amount at the beginning of the financial year	2,359,614	2,356,351	2,359,609	2,356,346
Issue of shares through Executive Share Plan*	3,572	3,263	3,572	3,263
Acquisition of minority interests	–	–	5	–
Issue of shares at \$17.00 to CPH (in relation to acquisition of Aspinalls)	91,800	–	91,800	–
Carrying amount at the end of the financial year	2,454,986	2,359,614	2,454,986	2,359,609

	CONSOLIDATED		PARENT ENTITY	
	2007 No.	2006 No.	2007 No.	2006 No.
Issued share capital				
Ordinary shares fully paid	688,486,925	677,496,925	688,486,925	677,496,925
Movements in issued share capital				
Balance at the beginning of the financial year	677,496,925	673,061,925	677,496,925	673,061,925
Issue of shares through Executive Share Plan*	5,590,000	4,435,000	5,590,000	4,435,000
Issue of shares to CPH (in relation to acquisition of Aspinalls)	5,400,000	–	5,400,000	–
Balance at the end of the financial year	688,486,925	677,496,925	688,486,925	677,496,925

Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

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:

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

Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent entity does not have authorised capital nor par value in respect of its issued shares.

* Shares issued through the Executive Share Plan are accounted for as share based payments. Refer to note 30.

Notes to the Financial Statements

for the year ended 30 June 2007

24. Reserves and retained earnings

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Foreign currency translation reserve	(388)	(8,811)	-	-
Asset revaluation reserve	-	10,338	-	-
Capital profits reserve	-	405	-	-
Employee equity benefits reserve	10,340	831	10,340	831
Net unrealised gains reserve	340,304	3,236	-	-
Cash flow hedge reserve	-	3,221	-	-
	350,256	9,220	10,340	831
Retained earnings	3,060,042	1,498,996	2,731,798	3,105,423

Foreign currency translation reserve

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

Balance at the beginning of the financial year	(8,811)	(7,515)	-	-
Net exchange difference on translation of overseas controlled entities	8,423	(1,296)	-	-
Balance at the end of the financial year	(388)	(8,811)	-	-

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 at the beginning of the financial year	10,338	10,338	-	-
Transfer to retained earnings	(2,937)	-	-	-
Disposal of entities	(7,401)	-	-	-
Balance at the end of the financial year	-	10,338	-	-

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 at the beginning of the financial year	405	405	-	-
Disposal of entities	(405)	-	-	-
Balance at the end of the financial year	-	405	-	-

Employee equity benefits reserve

The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.

Balance at the beginning of the financial year	831	-	831	-
Charged to the income statement	9,509	831	9,509	831
Balance at the end of the financial year	10,340	831	10,340	831

Net unrealised gains reserve

The net unrealised gains reserve records the actuarial gains and losses relating to the net surplus/(deficit) in the employer sponsored defined benefit superannuation fund, and the movement in fair value of available-for-sale assets.

Balance at the beginning of the financial year	3,236	3,704	-	-
Disposal of entities	(3,236)	-	-	-
Movement in defined benefit superannuation fund	-	752	-	-
Revaluation of derivative financial instruments to fair value	340,304	-	-	-
Movement in fair value of available-for-sale assets	-	(1,220)	-	-
Balance at the end of the financial year	340,304	3,236	-	-

	Note	CONSOLIDATED		PARENT ENTITY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flow hedge reserve					
The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.					
Balance at the beginning of the financial year		3,221	–	–	–
Disposal of entities		(3,221)	–	–	–
Revaluation of derivative financial instruments to fair value		–	3,221	–	–
Balance at the end of the financial year		–	3,221	–	–
Retained earnings					
Balance at the beginning of the financial year		1,498,996	1,258,959	3,105,423	3,349,264
Net profit attributable to members of PBL		1,957,252	610,053	25,518	126,175
Total available for appropriation		3,456,248	1,869,012	3,130,941	3,475,439
Dividends provided for or paid	4	(399,143)	(370,016)	(399,143)	(370,016)
Transfer from reserves		2,937	–	–	–
Balance at the end of the financial year		3,060,042	1,498,996	2,731,798	3,105,423

25. Minority interests

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Reconciliation of minority interests				
Balance at the beginning of the financial year	3,334	3,868	–	–
Share of operating profit	22,979	11,870	–	–
Acquisition of minority interests	29,164	–	–	–
Less dividends/distributions	(12,362)	(12,404)	–	–
Less disposal of minority interests	(43,115)	–	–	–
Balance at the end of the financial year	–	3,334	–	–

Notes to the Financial Statements

for the year ended 30 June 2007

26. Expenditure commitments

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Capital expenditure commitments				
(i) Estimated capital expenditure contracted for at balance date, but not provided for, payable:				
› within one year	69,226	389,800	–	–
› after one year but not more than five years	947	1,499	–	–
	70,173	391,299	–	–
(ii) Program rights contracted for at balance date, but not provided for, payable:				
› within one year	–	68,458	–	–
› after one year but not more than five years	–	68,872	–	–
› later than five years	–	3,383	–	–
	–	140,713	–	–

At 30 June 2007, the Group has capital expenditure commitments principally relating to funding various projects at Burswood and Crown casinos.

(b) Lease expenditure commitments

(i) Finance lease commitments:

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2007 Minimum lease payments \$'000	2007 Present value of lease payments \$'000	2006 Minimum lease payments \$'000	2006 Present value of lease payments \$'000
Consolidated				
› within one year	72	46	83	63
› after one year but not more than five years	288	266	279	265
Total minimum lease payments	360	312	362	328
Less amounts representing finance charges	(48)	–	(34)	–
Present value of minimum lease payments	312	312	328	328
Parent Entity				
› within one year	–	–	–	–
› after one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	–	–
Less amounts representing finance charges	–	–	–	–
Present value of minimum lease payments	–	–	–	–

At 30 June 2007, the Group has finance leases and hire purchase contracts principally relating to various items of equipment and motor vehicles.

These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(ii) Non-cancellable operating lease commitments:				
Payable within one year	6,787	32,530	–	–
Payable after one year but not more than five years	29,011	80,697	–	–
Payable more than five years	25,204	73,671	–	–
	61,002	186,898	–	–

The Group has entered into non-cancellable operating leases. The leases vary in contract period depending on the asset involved but generally have an average lease term of approximately five years (2006: six years). Operating leases include telecommunications rental agreements and leases on assets including aircraft, motor vehicles, land and buildings and items of plant and equipment. Renewal terms are included in certain contracts, whereby renewal is at the option of the specific entity that holds the lease. On renewal, the terms of the leases are usually renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

27. Cash flow statement reconciliation

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(a) Cash balance represents:				
› cash on hand and at bank	158,271	225,111	3,106	1,827
› deposits at call	2,069,386	960,024	-	-
	2,227,657	1,185,135	3,106	1,827
(b) Reconciliation of the profit after tax to the net cash flows from operating activities:				
Profit after tax	1,980,231	621,923	25,518	126,175
Depreciation and amortisation				
› property, plant and equipment	137,441	131,991	-	-
› intangibles	27,476	29,492	-	-
Program rights amortisation and usage	159,700	167,360	-	-
Payments to program contract creditors	(183,204)	(166,129)	-	-
(Profit)/loss on sale of property, plant and equipment	(882)	909	-	-
Unrealised foreign exchange (gain)/loss	(4,705)	(506)	-	9,945
Provision for diminution in the value of investments	-	-	-	(24)
Program related inventory write down	2,244	(345)	-	-
(Profit)/loss on disposal of investments	(1,524,861)	(21,283)	(4,404)	(417)
Share of associates' net (profit)	(62,457)	(78,327)	-	-
Impairment and write down of investments	66,234	-	-	-
Investment distribution	909	-	-	-
Net non-cash interest (received)/paid from/to controlled entities	-	-	219	317,442
Non-cash dividends received from controlled entities	-	-	(1,446)	(417,914)
Dividends received from associates	29,794	52,939	-	-
Executive Share Plan expense	9,613	831	-	831
Non-cash management fee paid to controlled entities	-	-	-	68,646
Changes in assets and liabilities				
Trade and other receivables	(667)	(17,425)	134	1,460
Doubtful debts	1,483	1,582	-	-
Inventories	11,586	(2,074)	-	-
Prepayments	(2,970)	9,613	-	-
Development costs	(1,500)	-	-	-
Deferred expenditure	-	841	-	-
Deferred income tax asset	(29,471)	(42,635)	-	(42,357)
Other assets	(1,688)	3,924	-	-
Payables	37,267	45,635	9,921	(622)
Current income tax liability	28,156	29,437	(209,051)	(235,101)
Provisions for employee entitlements	8,134	373	-	-
Other provisions	36,228	10,393	-	-
Deferred income tax liability	1,459	(32,715)	-	9,601
Exchange rate charge on conversion of assets and liabilities of overseas controlled entities	(850)	42	-	-
Net cash flows from operating activities	724,700	745,846	(179,109)	(162,335)

Notes to the Financial Statements

for the year ended 30 June 2007

27. Cash flow statement reconciliation continued

Bank Overdraft Facilities

The consolidated entity has bank overdraft facilities available as follows:

Bank	2007	2006
ANZ Banking Group Limited	A\$10 million	A\$10 million
Citibank NA	US\$10 million	US\$10 million

There were no draw down amounts at 30 June 2007.

Credit facilities

	Facility Type	Maturity	Committed Facility Amount \$million	Facility drawn at 30 June 2007* \$million
Senior Bank Facilities				
Bilateral Facility	Bill Facility	October 2007	20	20
Syndicated Facility	Cash advance	December 2011	450	185
Bilateral Facilities	Letter of credit	October 2010	100	–
Other Senior Debt				
MTN Tranche 4	Medium-term notes	March 2011	125	125
Euro MTN – Yen Private Placement	Senior guaranteed notes	July 2036	175	175
Total Debt			870	505

The syndicated facility is provided by a syndicate of banks and financial institutions led by ANZ Banking Group Limited as agent.

The senior bank bilateral facilities are provided on a bilateral basis by one of the syndicate banks.

The senior bank facilities and other senior debt 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.

28. Events after the balance sheet date

Subsequent to 30 June 2007, the Directors of PBL declared a final dividend on ordinary shares in respect of the year ended 30 June 2007. The total amount of the dividends is A\$169.7 million, which represents a fully franked dividend of 25 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

On 16 July 2007, PBL completed the sale of its Ticketek and Acer Arena businesses to PBL Media for A\$210 million.

On 10 September 2007, PBL announced that funds advised by CVC Capital Partners and CVC Asia Pacific had paid A\$526 million for an additional 25 percent share in PBL Media.

On 8 May 2007, PBL announced that, subject to shareholder approval, it would restructure the business into two publicly listed companies, a gaming company and a media company. PBL expects to hold shareholder meetings in November to vote on the proposed restructure.

On 6 September 2007, PBL announced that its associated entity, Melco PBL Entertainment (Macau) Limited (**MPEL**) and certain subsidiaries, had signed a US\$1.75 billion Senior Facilities Agreement with a syndicate of banks. The facilities consist of a seven year US\$1.5 billion term loan facility and a five year US\$250 million revolving credit facility and will be used to finance the construction and development of the City of Dreams integrated casino and entertainment resort together with general working capital requirements for MPEL and its subsidiaries. The facilities are non-recourse to PBL. However, PBL and Melco International Development Limited (which owns 41.4 percent of MPEL along with PBL) have each undertaken to provide a Letter of Credit for US\$125 million which will be able to be used, if necessary, to support completion of the City of Dreams should the facilities be insufficient to fund completion.

On 24 September 2007, PBL announced with WAN that they had entered into an agreement with Pacific Equity Partners for the sale of the Hoyts Group in Australia and New Zealand. The sale is subject to approval from the Foreign Investment Review Board and the New Zealand Overseas Investment Office. The sale is expected to complete by November 2007 and realise approximately \$150 million for each of PBL and WAN.

29. Superannuation commitments

The defined benefit superannuation plan was transferred as part of PBL's sale of its interest in PBL Media in May 2007.

30. 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 percent 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 five 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 percent 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 five 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 five year period, the executive must apply the issue price for each PBL share towards repayment of the relevant portion 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.

In order to align the entitlement to incentives under the ESP to the growth in the price of PBL shares, all ESP shares issued after 21 February 2006 were subject to an additional share price performance condition, requiring a 7 percent compound annual growth in the PBL share price in order for the relevant portion of shares to vest and be released from the restrictions under the ESP. If a share price hurdle is not exceeded, that 25 percent share parcel remains restricted until the hurdle is exceeded on a subsequent anniversary (if the hurdle is ultimately not exceeded, the shares will be transferred back to PBL).

As at the date of the report there are 70 executives eligible to participate.

	2007 No.	2006 No.
ESP Share movements		
Shares at the beginning of the financial year	4,380,000	2,902,000
Issued to executives	5,590,000	4,435,000
Vested to executives	(200,000)	(2,733,250)
Forfeited	(115,000)	(223,750)
Shares on issue at the end of the financial year	9,655,000	4,380,000
Market value of ESP shares issued during the year	\$99,815,800	\$72,444,600
Loans to executives at year end	\$165,839,800	\$70,621,050

Methodology

External valuers have used the Monte Carlo Simulation analysis method to value the ESP.

The Monte Carlo method requires the following inputs:

- › share price of PBL
- › exercise price (being the loan value for the ESP)
- › expected life
- › expected volatility of the underlying share
- › risk free interest rate
- › expected dividend yield.

Using the Monte Carlo model, multiple future share prices for PBL are simulated. For each simulation at the test dates:

- (i) the simulated share price growth is compared to the hurdle at each vesting date to determine if vesting will occur;
- (ii) the simulated share price at each test date is then used in a binomial option pricing model;
- (iii) an option value is determined at the vesting date which is then discounted back to the Grant Date. Multiple simulations are performed in order to determine the expected value at the Grant Date.

Notes to the Financial Statements

for the year ended 30 June 2007

30. Executive Share Plan continued

Non-transferability of the plans

During the period from Grant Date to vesting, executives cannot sell their plan rights. However, no adjustment is made to the fair values for this, as non-transferability is due to the executive having not yet earned the right to the plan (through the provision of their services), rather than a restriction on the underlying value of the plan rights.

After vesting, the holders have until expiry to "exercise" the plan. Since the plan rights are not transferable, liquidity can only be obtained by exercising the plan rights and selling the underlying shares. In the case of the ESP, given the seniority of the holders and the benefit of the limited recourse feature, it is assumed the ESP will be held until expiry.

Dilution

When an investor exercises an exchange traded option, there is no change in either the company's assets or the number of shares outstanding. However, when a company issued option is exercised, the number of shares outstanding will increase and the underlying assets of the company will be increased by the amount of the exercise proceeds. Any dilution of the share price of PBL which might arise on the issue of new shares following exercise of the ESP would be immaterial, given the number of existing shares on issue. Accordingly, no adjustment to the value of the ESP has been made for potential dilution.

Other assumptions

- › PBL's share price was the loan amount per share as advised by management at the Grant Date for the ESP;
- › The risk free rate is the yield on an Australian Government Bond with a life similar to the expected life at the Valuation Date;
- › Expected volatility was based on PBL's historical share price movement preceding the Valuation Date and the implied volatility on exchanged traded options;
- › The dividend yield was calculated based on the consensus broker EPS forecast divided by PBL's share price.

31. Contingent liabilities and related matters

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Unsecured	567,720	156,010	911,134	2,496,255

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.	–	–	319,234	2,321,700
(ii) PBL has guaranteed letters of credit issued to the State of Victoria in respect of obligations of Crown Limited.	185,000	100,000	185,000	100,000
(iii) The consolidated entity and parent entity have made guarantees in relation to commitments of certain of its associated entities.	382,668	50,000	382,668	50,000
(iv) The consolidated entity and parent entity have made certain guarantees regarding contractual, performance and other commitments.	52	6,010	24,232	24,555

The probability of having to meet these contingent liabilities is remote, and therefore it is not practicable to disclose an indication of the uncertainties relating to each amount or the timing of any outflows.

32. Auditors' remuneration

	CONSOLIDATED		PARENT ENTITY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Amounts received, or due and receivable, by the auditor of the parent entity for:				
Auditing the accounts	1,254	1,111	-	-
Taxation services	3,194	1,901	-	-
Other services				
› Assurance related	333	657	-	-
› Assurance services relating to restructuring	3,050	209	-	-
› Due diligence	3,645	60	-	-
› Other non-audit services	-	109	-	-
Amounts received, or due and receivable, by other member firms of Ernst & Young International for:				
Auditing the accounts of controlled entities	187	199	-	-
Other services				
› Taxation services	373	217	-	-
Amounts received, or due and receivable, by auditors other than the auditors of the parent entity for:				
Auditing the accounts of controlled entities	-	129	-	-
	12,036	4,592	-	-

33. Earnings per share (EPS)

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

Net profit	1,980,231	621,923
Net (profit) attributable to minority interests	(22,979)	(11,870)
Earnings used in calculating basic and diluted EPS	1,957,252	610,053
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	684,666	674,518

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

Excluding the effect of discontinued operations:

Net profit attributable to members of the parent	1,957,252	610,053
Discontinued operations	1,666,522	365,397
Net profit excluding discontinued operations and specific items	290,730	244,656
Earnings used in calculating basic and diluted EPS	290,730	244,656
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	684,666	674,518

Excluding the effect of discontinued operations and specific items:

Net profit	1,957,252	610,053
Discontinued operations	1,666,522	365,397
Specific items after tax ¹	(51,379)	(4,550)
Net profit excluding discontinued operations and specific items	342,109	249,206
Earnings used in calculating basic and diluted EPS	342,109	249,206
Weighted average number of ordinary shares used in calculating basic and diluted EPS ('000)	684,666	674,518

¹ Relates to specific restructuring costs as detailed in note 3(iv).

Notes to the Financial Statements

for the year ended 30 June 2007

34. Key management personnel disclosures

The Company has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed companies from providing remuneration in their annual report as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*. These remuneration disclosures have been transferred to the remuneration report in pages 6 to 19, and have been audited.

(a) Details of key management personnel

(i) Directors

James D Packer	Executive Chairman
Christopher J Anderson	Executive Deputy Chairman
John H Alexander	Chief Executive Officer and Managing Director, PBL
Rowen B Craigie	Executive Director
Christopher D Corrigan	Non-Executive Director
Rowena Danziger	Non-Executive Director
Geoffrey J Dixon	Non-Executive Director
Ashok P Jacob	Non-Executive Director
Michael R Johnston	Non-Executive Director
David H Lowy	Non-Executive Director
Christopher J Mackay	Non-Executive Director
Richard W Turner	Non-Executive Director
Samuel H Chisholm	Executive Director (resigned 13 July 2006)

(ii) Executives

Publishing and Broadcasting Limited

Geoffrey Kleemann	Chief Financial Officer
Guy Jalland	Group General Counsel and Company Secretary
Martin Dalgleish	Chief Executive Officer, New Media
Anthony Klok	Business Development Director
Gregg Haythorpe	Director – Business Development, Facilities and Special Projects

The PBL Group

Eddie McGuire	Chief Executive Officer, Nine Network Australia
Ian Law	Chief Executive Officer, PBL Media
	Chief Executive Officer, ACP Magazines Limited, (until 7 November 2006)
David Courtney	Chief Executive Officer, Crown Melbourne (from 6 March 2007)
	Chief Executive Officer, Burswood Limited (until 5 March 2007)
Pat O'Sullivan	Chief Financial Officer, PBL Media
	Chief Operating Officer, PBL (until 1 November 2006)
Jeffrey Browne	Executive Director, Nine Network Australia

(b) Remuneration of key management personnel

Total remuneration for key management personnel for the Group and Parent Entity during the financial year are set out below:

Remuneration by category	2007 \$	2006 \$
Short-term	27,672,994	24,874,157
Post employment	850,401	881,164
Other long-term	249,004	239,974
Termination	1,500,000	3,749,559
Share based payments	5,063,239	4,511,603
	35,335,638	34,256,457

Further details are contained in the Remuneration Report.

(i) Remuneration Policy

PBL's remuneration policy is detailed in the Remuneration Report on page 6.

(ii) Remuneration of key management personnel

Remuneration of Directors and executives is detailed in the Remuneration Report on pages 17 and 19.

(c) Shareholdings of key management personnel 2007

Ordinary shares held in PBL (directly and indirectly)

Directors (Including Directors who left the Board during the year)	Balance 1 July 2006	Issued under Executive Share Plan	Net Change Other	Balance 30 June 2007
James D Packer	258,782,250	–	2,717,750	261,500,000
Christopher J Anderson	15,194	300,000	–	315,194
John H Alexander	512,500	1,300,000	–	1,812,500
Rowen B Craigie	–	850,000	–	850,000
Rowena Danziger	22,876	–	–	22,876
David H Lowy	117,253	–	–	117,253
Christopher J Mackay	100	–	–	100
Richard W Turner	27,000	–	–	27,000

Directors not listed did not hold any PBL shares during the financial year.

Executives	Balance 1 July 2006	Issued under Executive Share Plan	Net Change Other	Balance 30 June 2007
Geoffrey R Kleemann	350,000	–	–	350,000
Guy Jalland	240,000	–	–	240,000
Martin P Dagleish	240,000	–	–	240,000
Anthony C Klok	315,000	–	–	315,000
Gregory Haythorpe	50,000	–	–	50,000
Edward J McGuire	808,636	–	–	808,636
Ian F Law	500,272	–	–	500,272
David G Courtney	175,000	375,000	–	550,000
Pat R O'Sullivan	240,000	–	–	240,000
Jeffrey Browne	50,000	–	–	50,000

All changes disclosed under "Other" are the result of on-market transactions.

The Company does not have any options on issue.

2006

Ordinary shares held in PBL (directly and indirectly)

Directors (Including Directors who left the Board during the year)	Balance 1 July 2005	Issued under Executive Share Plan	Net Change Other	Balance 30 June 2006
James D Packer	73,000	–	258,709,250	258,782,250
Kerry F B Packer	258,709,250	–	(258,709,250)	–
Christopher J Anderson	15,194	–	–	15,194
John H Alexander	532,500	–	(20,000)	512,500
Rowena Danziger	22,876	–	–	22,876
Graham A Cubbin	9,859	–	–	9,859
David H Lowy	–	–	117,253	117,253
Sir Laurence M Muir	11,126	–	–	11,126
Robert M Whyte	100,000	–	(90,000)	10,000
Christopher Mackay	–	–	100	100
Richard W Turner	20,000	–	7,000	27,000

Directors not listed did not hold any PBL shares during the financial year.

Notes to the Financial Statements

for the year ended 30 June 2007

34. Key management personnel disclosures continued

(c) Shareholdings of key management personnel continued

2006 continued

Ordinary shares held in PBL (directly and indirectly) continued

Executives	Balance 1 July 2005	Issued under Executive Share Plan	Net Change Other	Balance 30 June 2006
David Courtney	–	175,000	–	175,000
Martin Dalgleish	–	240,000	–	240,000
Guy Jalland	–	240,000	–	240,000
Geoffrey Kleemann	110,000	240,000	–	350,000
Anthony Klok	160,000	240,000	(85,000)	315,000
Ian Law	272	500,000	–	500,272
Eddie McGuire	308,636	500,000	–	808,636
Pat O'Sullivan	–	240,000	–	240,000
David Gardiner	50,000	–	–	50,000
Lynton Taylor	–	–	–	–
Stephen Wright	330,000	–	–	330,000

All changes disclosed under "Other" are the result of on-market transactions.

The Company does not have any options on issue.

(d) Loans to key management personnel

Directors

	Balance as at 01-Jul-06 \$	Net Change \$	Interest charged \$	Balance as at 30-Jun-07 \$	Highest owing in period \$
Christopher J Anderson	–	4,848,000	165,000	4,848,000	4,848,000
John H Alexander	–	22,668,000	715,000	22,668,000	22,668,000
Rowen B Craigie	–	14,566,000	467,500	14,566,000	14,566,000
Total executives	–	42,082,000	1,347,500	42,082,000	42,082,000

Executives

	Balance as at 01-Jul-06 \$	Net Change \$	Interest charged \$	Balance as at 30-Jun-07 \$	Highest owing in period \$
Geoffrey Kleemann	3,878,400	–	132,000	3,878,400	3,878,400
Guy Jalland	3,878,400	–	132,000	3,878,400	3,878,400
Martin Dalgleish	3,878,400	–	132,000	3,878,400	3,878,400
Anthony Klok	4,558,650	(680,250)	132,000	3,878,400	4,558,650
Gregg Haythorpe	808,000	–	27,500	808,000	808,000
Eddie McGuire	8,000,000	–	275,000	8,000,000	8,000,000
Ian Law	8,080,000	–	275,000	8,080,000	8,080,000
David Courtney	2,828,000	6,855,000	302,500	9,683,000	9,683,000
Pat O'Sullivan	3,878,400	–	132,000	3,878,400	3,878,400
Jeffrey Browne	908,000	–	27,500	908,000	908,000
Total executives	40,696,250	6,174,750	1,320,000	46,871,000	47,551,250

All loan amounts for Directors and 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 30. Interest is charged on ESP loans and is equal to the dividends received on the relevant PBL shares from time to time.

(e) Other transactions with Director, key management personnel and their personally related entities

Consolidated Press Holdings Limited (CPH), an entity related to Mr James Packer, provides management and consulting services to PBL and its controlled entities. The charges for the year ended 30 June 2007 were \$190,000 (2006: \$992,000). In addition, CPH provided leased premises, car parking and other facilities at a charge of \$1,693,000 (2006: \$1,949,000).

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 2007 was \$2,136,000 (2006: \$410,000).

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 2007 was \$49,000 (2006: \$271,000) and for commercial production was \$nil (2006: \$69,000). PBL and its controlled entities also provided CPH with hotel rooms for \$151,000 (2006: \$53,000), accounting and other services of \$138,000 (2006: \$140,000), information technology services of \$285,000 (2006: \$281,000) and leased premises of \$670,000 (2006: \$596,000).

PBL acquired a 46% interest in Aspinall Investments Holdings Ltd from CPH in October 2006. The purchase price of \$91.8 million was satisfied by PBL issuing 5.4 million shares to CPH. This transaction was approved by shareholders at the 2006 Annual General Meeting.

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

35. Related party disclosures

Parent entity

Publishing and Broadcasting Limited is the ultimate parent entity of the Group.

Controlled entities, associates and joint ventures

Interests in significant controlled entities are set out in note 36.

Investments in associates and joint ventures are set out in note 12.

Entity with significant influence over the Group

Consolidated Press Holdings Limited (CPH), an entity related to Mr James Packer, holds 38.42 percent (2006: 38.19 percent) of the Company's fully paid ordinary shares.

Key management personnel

Disclosures relating to key management personnel are set out in note 34, and in the Remuneration Report.

Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end, refer to note 7 and 19):

	CONSOLIDATED	
	2007 \$'000	2006 \$'000
Rendering of services and other revenue from –		
Entities with significant influence over the Group		
CPH	1,243	1,069
Controlled entities of CPH	49	340
Associates		
SEEK Ltd	721	365
Hoyts Cinemas Group	592	387
Foxtel	6,456	4,894
ninemsn Pty Ltd	2,792	1,500
Premier Media Group	668	496
Australian News Channel Pty Ltd	197	154
carsales.com.au Ltd	–	9
PBL Media	340	–
Receiving of services from related parties –		
Entities with significant influence over the Group		
CPH	1,883	2,941
Controlled entities of CPH	2,136	410
Associates		
SEEK Ltd	138	21
Hoyts Cinemas Group	1,445	1,053
Foxtel	3,232	735
ninemsn Pty Ltd	3,884	2,715
Premier Media Group	322	390
Global Television Limited	4,411	15,842

Terms and conditions of transactions with related parties

All of the above transactions were conducted under normal commercial terms and conditions, with the exception of ninemsn and SEEK.

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. The market value of this advertising and promotional service was \$1.2 million (2006: \$3.0 million).

Under the terms and conditions of the agreement with SEEK, PBL provided advertising at no charge. The value of this advertising was \$nil (2006: \$0.6 million). PBL received dividends from SEEK of \$8.0 million during the year (2006: \$3.3 million).

PBL invested \$176.6 million in the Melco PBL Entertainment (Macau) Limited (MPEL) during the year (2006: \$216.3 million).

PBL advanced loans to MPEL during the year of \$86.4 million (2006: \$nil) with \$32.2 million being repaid during the year (2006: \$nil). Interest received on the loan was \$0.7 million for the year (2006: \$nil).

Notes to the Financial Statements

for the year ended 30 June 2007

35. Related party disclosures continued

PBL received dividends from Premier Media Group (PMG) during the year of \$20.4 million (2006: \$32.5 million). PMG loaned PBL \$9.6 million during the year (2006: \$nil). No interest was charged on the loan.

Subsequent to the investment in Aspinall Investments Holdings Ltd PBL made further equity contributions of \$16.0 million. PBL also provided loans to Aspinalls of \$16.0 million during the financial year. Interest of \$0.5 million was charged on the loan for the year.

No further amounts were invested in Betfair Australasia during the reporting period (2006: \$22.5 million). Loans totalling \$1.7 million were advanced during the year (2006: \$4.75 million). The loan balance at 30 June 2007 was \$7.7 million (2006: \$6.0 million). No interest is payable on the loan.

Outstanding balances at year end are unsecured and settlement occurs in cash.

For the year ended 30 June 2007, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2006: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

36. Investment in controlled entities

The consolidated financial statements include the financial statements of Publishing and Broadcasting Limited and its controlled entities. Significant controlled entities and those included in a class order with the parent entity are:

	Footnote	Place of Incorporation	Beneficial Interest Held by the Consolidated Entity*	
			2007 %	2006 %
Publishing and Broadcasting Limited			Australia	Parent Entity
Burswood Limited	A	Australia	100	100
Burswood Nominees Ltd	A	Australia	100	100
Burswood Resort (Management) Ltd	A	Australia	100	100
Crown Limited	C	Australia	100	100
Events Management Catering Pty Ltd	A	Australia	100	100
Flienn Pty Ltd	A,D	Australia	100	–
Jade West Entertainment Pty Ltd	A	Australia	100	100
Jemtex Pty Ltd	A	Australia	100	100
Mancon Nominees Pty Ltd	A	Australia	100	100
Manden Productions Pty Ltd	A	Australia	100	100
Nine Television (Netherlands Antilles) Pty Ltd		Australia	100	100
PBL Asia Investments Limited		Cayman Islands	100	100
PBL Cinema Holdings Pty Ltd	A	Australia	100	100
PBL Enterprises Ltd	A	Australia	100	100
PBL Film Holdings Pty Ltd	A	Australia	100	100
PBL International Partnership	D	–	100	–
PBL Overseas Investments Pty Ltd	D	Australia	100	–
PBL Management Pty Ltd	A	Australia	100	100
PBL Media Shareholder Pty Ltd	A,D	Australia	100	–
PBL Pay TV Pty Ltd	A	Australia	100	100
PBL Property Pty Ltd	A	Australia	100	100
PBL Securities Ltd		Australia	100	100
PBL (WA) Pty Ltd	A	Australia	100	100
Publishing and Broadcasting (Finance) Ltd	A	Australia	100	100
Publishing and Broadcasting International Holdings Ltd	B	Bahamas	100	100
Renga Pty Ltd	A	Australia	100	100
Robbdoc Pty Ltd	A	Australia	100	100
Sydney Superdome Pty Ltd	A, E	Australia	100	100
Ticketek Pty Ltd	E	Australia	100	100
Windfyr Pty Limited	A	Australia	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

A 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 37).

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

C Members of the “Extended Closed Group” only.

D Entity acquired during the financial year.

E These entities are held for sale.

37. Deed of cross guarantee

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 2007 are:

	CLOSED GROUP		EXTENDED CLOSED GROUP	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Consolidated income statement				
Profit/(loss) before income tax	(1,249,745)	279,413	(905,874)	580,425
Income tax (expense)/benefit	104,780	112,516	(14,614)	16,517
Net profit/(loss) after income tax	(1,144,965)	391,929	(920,488)	596,942
Retained earnings at the beginning of the financial year	3,583,901	3,561,987	4,360,756	4,133,829
Retained earnings of entities entering Closed Group		–		–
Retained earnings of entities removed from Closed Group		–		–
Dividends provided for or paid	(399,143)	(370,015)	(399,143)	(370,015)
Retained earnings at the end of the financial year	2,039,793	3,583,901	3,041,125	4,360,756
Consolidated balance sheet				
Current Assets				
Cash and cash equivalents	1,937,598	528,408	2,060,259	626,123
Receivables	20,278	10,893	64,809	47,048
Inventories and program rights	437	320	5,613	5,479
Tax asset	98,691	206,037	–	206,037
Other	339	3,235	6,697	7,320
Total Current Assets	2,057,343	748,893	2,137,378	892,007
Non-Current Assets				
Receivables	3,274,225	8,570,195	3,565,717	8,828,287
Investment in associates	(15,429)	466,781	(15,429)	466,781
Available for sale assets	55	55	55	55
Other financial assets	8,814,868	4,893,220	8,267,191	4,345,543
Property, plant and equipment	77,962	68,912	1,302,688	1,233,277
Licences and mastheads	112,736	112,736	371,764	376,784
Deferred tax assets	98,616	7,371	142,747	68,248
Other	–	–	73,840	76,575
Total Non-Current Assets	12,363,033	14,119,270	13,708,573	15,395,550
Total Assets	14,420,376	14,868,163	15,845,951	16,287,557
Current Liabilities				
Payables	76,437	47,688	201,530	176,611
Interest-bearing loans and borrowings	46	507,404	46	507,404
Income tax payable	–	–	5,704	–
Provisions	57,147	11,899	108,646	55,652
Total Current Liabilities	133,630	566,991	315,926	739,667
Non-Current Liabilities				
Payables	–	7,000	60	7,166
Interest-bearing loans and borrowings	9,747,630	8,274,866	9,531,290	8,279,947
Deferred tax liability	32,868	65,712	152,952	187,949
Provisions	1,129	6,006	339,272	348,385
Total Non-Current Liabilities	9,781,627	8,353,584	10,023,574	8,823,447
Total Liabilities	9,915,257	8,920,575	10,339,500	9,563,114
Net Assets	4,505,119	5,947,588	5,506,451	6,724,443
Equity				
Contributed equity	2,454,986	2,359,610	2,454,986	2,359,610
Reserves	10,340	4,052	10,340	4,052
Outside equity interests	–	25	–	25
Retained earnings	2,039,793	3,583,901	3,041,125	4,360,756
Total Equity	4,505,119	5,947,588	5,506,451	6,724,443

Notes to the Financial Statements

for the year ended 30 June 2007

38. Financial instruments

(a) Terms and conditions

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

Recognised Financial Instruments	Note	Terms and Conditions
(i) Financial Assets		
Receivables	7	The majority of credit sales are on 30 day terms. Gaming cheques can be held for up to five 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	7	Details of terms and conditions are set out in note 35.
Receivables – related parties/entities	7	Details of terms and conditions are set out in note 35.
Bills of exchange and promissory notes		Average maturity: 26 days (2006: 17 days). Can be liquidated within one day at prevailing market rates.
Term deposits		Average maturity: 30 days (2006: 91).
Treasury notes		Average maturity: 31 days (2006: 47 days). Can be liquidated within one day at prevailing market rates.
Debentures		Average maturity: six months (2006: six months).
(ii) Financial Liabilities		
Bank facilities	20	Details of security are outlined in note 27. Details of facilities and maturity are outlined in note 27. Interest is at a margin over floating rates.
Bills of exchange	20	Details of security are outlined in note 27. Details of facilities and maturity are outlined in note 27. Interest is at a margin over floating rates.
Senior guaranteed notes	20	Interest on senior guaranteed notes is paid quarterly.
Medium-term notes	20	Interest on medium-term notes is paid quarterly.
Trade and other payables	19	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	20	Details of security are outlined in note 20. Other details are disclosed in note 27.
(iii) Equity		
Ordinary shares	23	Details of shares issued are outlined in note 23.
(iv) Derivatives		
Forward exchange		At balance date the company had contracts to sell US\$ and purchase A\$ totalling US\$11,685,000 (2006: US\$Nil) at an average rate of US\$0.7523 (2006: N/A) and contracts to buy US\$ and purchase A\$ totalling US\$5,500,000 (2006: US\$277,228,000) at an average rate of US\$0.7341 (2006: US \$0.7484). Forward exchange contracts are for varying periods up to March 2010.
Interest rate swaps		Notional value of \$125 million at BBSW + 0.395 percent due to expire in May 2011.
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: <ul style="list-style-type: none"> – US\$130 million maturing July 2036 at 6.97 percent p.a.

(b) Net fair values

All carrying values approximate fair value for all recognised financial instruments, except for fixed interest rate liabilities.

The fair value of interest rate swap contracts, 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 12 months, amounting to a financial asset of \$Nil (2006: financial asset of \$6,269,245).

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 asset of \$Nil (2006: financial asset of \$4,602,593).

(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 balance sheet.

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 (2006: A\$4,602,593).
- (ii) interest rate swap contracts – which are limited to the net fair value of the swap agreement at reporting date, being \$Nil (2006: \$6,269,245).

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) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases (predominantly purchases) by operating units in currencies (predominantly USD) other than the unit's functional currency. Exposure also arises as a result of capital expenditure and investments/sales in currencies other than the functional currency.

Treasury, on behalf of operating units, uses forward currency contracts to eliminate the currency exposures on any significant expenditure or purchase which is a firm commitment or anticipated transaction.

All forward contracts must be in the same currency as the hedged item and the Group negotiates hedges in order to maximise hedge effectiveness.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves, bank and capital market debt.

The Group's policy is to ensure not more than A\$300 million of debt matures in any one calendar year.

Notes to the Financial Statements

for the year ended 30 June 2007

38. Financial instruments continued

(f) 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 1 year or less		Fixed interest rate 1 year or less		Fixed interest rate over one to five years	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Financial Assets						
Cash at bank ¹	155,830	222,531	-	-	-	-
Cash on deposit	527,386	267,842	100,000	491,181	-	-
Bills of exchange and promissory notes	1,437,000	196,000	-	-	-	-
Treasury notes	3,000	3,000	-	-	-	-
Debentures	2,000	2,000	-	-	-	-
Receivables-trade ²	-	-	-	-	-	-
Receivables - other ²	-	-	600	600	600	1,200
Receivables - associates ²	64,223	-	-	-	-	-
Assets held for sale ³	-	-	-	-	-	-
Available for sale assets ³	-	-	-	-	-	-
Other financial assets ³	-	-	-	-	-	-
Total Financial Assets	2,189,439	691,373	100,600	491,781	600	1,200

* This rate relates to the interest bearing components.

Financial Instruments	Floating interest rate 1 year or less		Fixed interest rate 1 year or less		Fixed interest rate over one to five years	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Financial Liabilities						
Trade and other payables ²	-	-	600	600	600	1,200
Bills of exchange	20,000	20,000	-	-	-	-
Other loans	-	-	-	300,000	-	-
Senior guaranteed notes	-	-	-	507,357	-	-
Medium-term notes ⁴	-	150,000	-	-	124,600	-
Subordinated debt	-	300,000	-	-	-	-
Finance lease/Hire purchase liability	-	-	46	168	266	304
Forward exchange contracts	(22,117)	(375,018)	16,462	191,817	5,655	178,598
Interest rate swaps	(124,600)	(654,850)	-	25,000	124,600	690,000
Total Financial Liabilities	(126,717)	(559,868)	17,108	1,024,942	255,721	870,102

* This rate relates to the interest bearing components.

1 Non-interest bearing amounts have maturities of one year or less.

2 Non-current amounts have maturities of one to five years.

3 No fixed maturity date.

4 All floating interest rate instruments have maturities of one year or less except medium-term notes that are over one to five years.

Fixed interest rate more than five years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
-	-	2,441	2,581	158,271	225,112	6.20*	5.60*
-	-	-	-	627,386	759,023	6.26	5.99
-	-	-	-	1,437,000	196,000	6.32	5.84
-	-	-	-	3,000	3,000	6.26	5.75
-	-	-	-	2,000	2,000	6.41	5.56
-	-	59,326	351,355	59,326	351,355	N/A	N/A
-	-	60,808	53,536	62,008	55,336	5.95*	5.95*
-	-	9,500	15,628	73,723	15,628	5.47*	N/A
-	-	447,435	-	447,435	-	N/A	N/A
-	-	398,013	238,375	398,013	238,375	N/A	N/A
-	-	-	17,273	-	17,273	N/A	N/A
-	-	977,523	678,748	3,268,162	1,863,102		

Fixed interest rate more than five years		Non-Interest Bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %
-	-	233,735	753,583	234,935	755,383	5.95*	5.95*
-	-	-	-	20,000	20,000	6.39	5.86
-	-	9,644	-	9,644	300,000	N/A	2.82
174,634	1,194,304	-	-	174,634	1,701,661	6.97	5.98
-	450,000	-	-	124,600	600,000	6.13	6.25
-	-	-	-	-	300,000	-	7.59
-	-	-	-	312	472	7.10	7.10
-	-	-	-	-	(4,603)	N/A	N/A
-	(60,150)	-	-	-	-	N/A	N/A
174,634	1,584,154	243,379	753,583	564,125	3,672,913		

Shareholder Information

Substantial shareholders as at 20 September 2007:

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	38.42
2. Perpetual Trustees Australia Limited	38,331,990	5.64

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

Distribution of shareholders as at 20 September 2007:

Size of Holdings	Number of Shareholders	% of Issued Capital
1 – 1,000	51,195	3.48
1,001 – 5,000	20,974	6.54
5,001 – 10,000	1,634	1.71
10,001 – 100,000	819	3.00
100,000 +	147	85.27
Total	74,769	100.00
Holding less than a marketable parcel	622	

The 20 largest shareholders as at 20 September 2007:

Name	No. of shares	% of shares in class
1. Bareage Pty Limited	158,486,104	23.02
2. Consolidated Press Holdings Limited	88,286,136	12.82
3. HSBC Custody Nominees (Australia) Limited	84,032,368	12.21
4. JP Morgan Nominees Australia Limited	38,845,776	5.64
5. National Nominees Limited	27,043,495	3.93
6. RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	20,956,846	3.04
7. ANZ Nominees Limited (Cash Income A/C)	20,473,517	2.97
8. Citicorp Nominees Pty Limited	19,424,947	2.82
9. Samenic Limited	11,136,925	1.62
10. UBS Nominees Pty Limited <116C A/C>	8,460,000	1.23
11. RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	7,065,877	1.03
12. HSBC Custody Nominees (Australia) Limited–GSI ECSA	6,738,196	0.98
13. Cogent Nominees Pty Limited	6,533,560	0.95
14. HSBC Custody Nominees (Australia) Limited – A/C 2	5,647,575	0.82
15. Citicorp Nominees Pty Limited <CFS WSLE Geared Shr Fnd A/C>	5,554,747	0.81
16. WIN Television NSW Pty Limited	5,240,903	0.76
17. HSBC Custody Nominees (Australia) Limited A/C 3	3,095,145	0.45
18. HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,971,422	0.43
19. Citicorp Nominees Pty Limited <CFS WSLE 452 Aust Share A/C>	2,961,979	0.43
20. RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	2,842,019	0.41
Top 20 Holders	525,797,537	76.37
Others	162,689,388	23.63
	688,486,925	100.00

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 are listed on the Australian Stock Exchange under the code "PBL". 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. Securityholding information may be updated online. Alternatively, download the relevant forms and have the completed forms 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, dividend payment advices 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 www.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.

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.

Directors

James D Packer

Executive Chairman

Christopher J Anderson BEc

Executive Deputy Chairman

John H Alexander BA

Chief Executive Officer and Managing Director, PBL

Rowen B Craigie BEc (Hons)

Chief Executive Officer, PBL Gaming

Christopher D Corrigan

Rowena Danziger BA, TC, MACE

Geoffrey J Dixon

Ashok P Jacob MBA

Michael R Johnston BEc, ACA

David H Lowy AM, BCom

Christopher J Mackay BEc, LLB (Hons), LLM, F Fin

Richard W Turner AM, BEc, FCA

Chief Financial Officer

Geoffrey R Kleemann CA

Chief Executive Officer, Crown Melbourne

David G Courtney BBus, F Fin, MBA, ACA, GDipAppFin

Chief Executive Officer, Burswood

Barry Felstead

Chief Executive Officer, New Media

Martin P Dalgleish BBus, MBA

Group General Counsel/Joint Company Secretary

Guy Jalland LLB

Joint Company Secretary

Jennifer Mah M Comm Law, FCIS

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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 Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

Telephone: 1300 855 080 (within Australia)

(61 3) 9415 4000 (from overseas)

Facsimile: (61 3) 9473 2500

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