Fairfax Media

QUALITY CONTENT

>Creation >Integration >Innovation >Monetisation

ANNUAL REPORT 2010

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“ Quality journalism and quality content.
We create it, we integrate it, we innovate with it and we monetise it. That is our big competitive advantage”

Brian McCarthy CEO

Distributing quality content across multiple platforms

NEWSPAPERS

MAGAZINES

WEBSITES

AUSTRALASIA'S MOST DIVERSE MEDIA COMPANY

330 Newspaper publications

59 Agricultural publications

48 Magazines

284 Websites

15 Radio stations

13 Narrowcast radio licences

23 Printing centres

SMARTPHONES

RADIO

TABLET READERS

Strongly positioned for changing technologies and media consumption habits

Annual General Meeting

The annual general meeting will be held at **10.30am on Thursday, 11 November 2010** at the Palladium, Level 1, Crown Towers, 9 Whiteman Street, Southbank, Melbourne, Victoria.

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CHAIRMAN'S REPORT

It is a pleasure to present the Chairman's Report for the second time. At our last annual general meeting I had only just assumed the Chair of your Board.

This year has been one of change and consolidation to meet the rapidly evolving media landscape in which Fairfax – and media companies around the world – now operates.

But it is also one of the most exciting times as Fairfax looks to the future.

While Fairfax continues to play an important role in Australia's democratic process, it is also reaching more audiences than ever before. New technologies and channels, such as smartphone and tablet apps, mean that Fairfax's content can be delivered and consumed in many different ways – how and when our readers want it. Fairfax is a truly multi-platform media company.

As your Chairman, I want to assure shareholders that I and my fellow Board members will do all we can to maintain the excellent journalistic traditions of Fairfax Media and at the same time drive growth in shareholder wealth.

Results Highlights

While the 2009 financial year was one of the most difficult years ever experienced by all media in Australia and New Zealand, Fairfax undertook a number of initiatives aimed at ensuring that when market conditions did eventually improve, so too would our financial results. Those hard decisions have paid off and I am pleased to say that the 2010 results are proof of the success of these actions.

Some of the highlights include:

- A net profit after tax of $282 million (turned around from the prior year's loss of $380 million).
- Earnings per share of 11.5 cents (compared to a loss of 21.6 cents).
- Operational cash flow increasing 17%.
- Final dividend of 1.4 cents per share compared to no final dividend last year.

Given the changing capital markets, the Board has undertaken a program to reduce our debt levels by a further $347 million to a more appropriate level in the current market. And while we have further to go, our balance sheet is now much stronger and balanced than it was this time last year.

The Board

Last year's annual general meeting saw the resignation or retirement of three of our Directors and we paid tribute to their contributions to the Board. As I reported at the last annual general meeting, this provided an excellent opportunity to refresh the Board with the skills needed to take your Company into the new era of multi-platform media.

Partly to accommodate these changes and also for a number of personal reasons, Mr John B Fairfax has indicated to the Board that he would not seek re-election at this year's annual general meeting. John B Fairfax has enjoyed a 50 year association with Fairfax. He began his career as a cadet journalist in 1961. After a substantial career in the Company he was appointed to the Board of John Fairfax Limited in 1979, becoming Deputy Chairman in 1985. Following the takeover by Tryart Pty Limited in 1987, Mr Fairfax left the Board but maintained an interest when his family company, Marinya Media Pty Limited, purchased several assets from the company including the shares held in Rural Press Limited. He was Chairman of Rural Press from 1990 to 2007. Following the merger of Fairfax Media with the outstanding Rural Press, John B Fairfax rejoined the Board in 2007, and he has been a deeply engaged Director. We thank him for his experience and significant contribution to the Company both indirectly and directly over some 50 years. We wish him well and he remains, of course, a significant shareholder through his family company, Marinya Media.

The Board has taken great care and the necessary time to select new Directors who will bring the range of skills, experience and judgements we will need to successfully position the Company for the future. We welcome to your Board Sandra McPhee, Linda Nicholls and Sam Morgan, who were appointed from February 2010, and Michael Anderson and Greg Hywood, who were appointed from September 2010.

We believe your Company now has a very strong Board with the right mix of skills and experience to face the exciting opportunities and challenges ahead.

We acknowledge a number of people who formally and informally offered their services, many very well qualified. We thank them for their interest and courtesy. With the latest additions to the Board, some review will be made to the Board's working committees, which will also include careful consideration of our environmental responsibilities and initiatives.

Dividend

In line with the improving results and the health of the Company's balance sheet, the Board decided to pay a final dividend of 1.4 cents per share, fully franked. This represents a payout ratio of 21%, which is in line with our stated dividend policy.

I can assure shareholders that the Board will continue to look very closely at the dividend policy with a view to moving the dividend payout ratio higher as conditions allow and as part of our continual review of all capital management initiatives.

Strategy

The Board and management have worked closely together over the past 12 months to develop a future direction for the Company. As part of this process, consideration was given to media industry trends and long-term challenges we face in the rapidly evolving global media environment.

A great deal of work has been undertaken by the Company in determining the right course to take and I am pleased to report to shareholders that the Board has determined a clear strategic plan which will take Fairfax forward in the years ahead. Our strategies will always continue to evolve as technologies evolve and we are now very well placed to take advantage of the changes with the excellent quality of our content.

Governance and Sustainability

The annual report contains a section dedicated to reporting on the high standards of corporate governance practised by the Company and the level of attention by the Board to maintaining those high standards.

Fairfax continues to take its corporate social responsibilities seriously and this report contains a section on Corporate Social Responsibility.

Our People

On behalf of the Board I would like to pay tribute to the more than 10,000 people who make Fairfax the leading media company in Australasia and one of the best in the world. Their enthusiasm and confidence in ensuring our readers have the best news available and advertisers have access to the best audiences in the countries in which we operate are key to our success.

I would also like to thank our CEO and Managing Director Brian McCarthy and his management team for the leadership they have shown and the actions they have taken to ensure the continued success of the Company. The Board is confident that Brian and his team will continue to drive the Company forward in the exciting times ahead.

Roger Corbett, AO
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report to you on our achievements during the 2010 financial year.

Fairfax Media is Australasia's most diversified media company, with 437 publications, 284 websites, 28 radio station and narrowcast licences and 23 printing centres in Australia, New Zealand and the United States of America.

Over the past financial year, the Company has achieved underlying earnings before depreciation, interest and tax (EBITDA) of $639 million, compared with $605 million for the previous corresponding period. I believe this to be a sound result in the prevailing market circumstances, and a result which exceeded market expectations.

There were three main contributors to the improved annual performance, being strong second half revenue growth compared to the prior period, improved business efficiency across the Company and lower interest costs due to reduced levels of debt.

The results are the culmination of an increased focus over the past two years to better position the Company's diverse businesses in a changing media landscape.

Tougher economic conditions in New Zealand made it harder for our publishing businesses; however, our New Zealand and Australian online businesses prospered. Fairfax Digital in Australia and Trade Me in New Zealand recorded growth in revenues and earnings of 14% and 22% respectively.

Our broadcasting network added to the Fairfax business diversity and converted modest revenue growth into a 15% increase in earnings, reflecting reductions in the relatively fixed cost base.

Our approach has been to give each of these businesses their best chance to perform well in their markets from a lower cost base. This was particularly highlighted in the second half of the year when all segments of the business recorded much stronger results. Total revenues in the second half increased 6% over the previous corresponding period, which provided a 34% increase in earnings.

Business Initiatives

Over the past two years, Fairfax Media has faced several challenges, including a more competitive market for traditional media, a need to monetise online content, a downturn in advertising markets and a balance sheet with higher debt levels than appropriate under changed circumstances.

In addressing these challenges our approach has been to build cash flow by taking revenue opportunities while lowering the cost base.

Some initiatives introduced include:

- The launch of numerous smartphone applications such as MyCareer, Domain and the smart edition of the Sydney Morning Herald.
- New online initiatives such as nationaltimes.com.au and the relaunch of drive.com.au.
- Upgrades and enhancements to afr.com.au, resulting in subscriber growth.
- Rollout of 160 regional newspaper websites.
- Commissioning of a new printing press in Christchurch, New Zealand.
- Acquisition of findababysitter.com.au and bookit.co.nz.
- Better utilisation of print centres.

Strategy

Fairfax Media's strategy is an evolution of our existing strategy. Our focus is on adapting our businesses to ensure we are best positioned in the new media environment to capitalise on our strengths, thereby growing the Company.

For the next few years, we have identified three key priorities, being: adapting Fairfax Media to being a true multi-platform company; evolving our news products and transforming our metropolitan business model; and expanding our positions in growth segments.

In terms of the first priority, there are a number of initiatives we will pursue. These include a new organisational structure; greater sharing of editorial content and collaborating across print, online and mobile; more integrated selling; and monetising our content online and on emerging platforms.

In terms of our second key priority, our metropolitan news businesses, taken as a whole, reach more readers than ever before. Nevertheless, we must continually evolve all of our news assets so they remain relevant and profitable. This will be achieved by undertaking a series of business efficiency initiatives focused on protecting revenues and reducing costs over time. We will continue to focus on editorial excellence, subscriptions and effective promotions to maintain paid circulation. Over time, the iPhone, iPad and other tablet platforms will enable us to distribute our content to new audiences, or migrate existing audiences from the newspapers.

In terms of the third priority, to keep pace with the changing media environment, we must continue to establish positions in new growth segments. This comprises investing in both internal and external opportunities.

We will continue to capitalise on the quality and size of our online news audiences to create new revenue streams. In particular, we will continue to invest in online transactional businesses and short-form video to benefit from the rapid growth in that segment.

As an indicator of the quality of our content, our media assets and our staff, the Company won many industry awards during the year. Whilst too many to list here, they included:

- The Sydney Morning Herald, Newspaper of the Year for the second consecutive year.
- The Sun-Herald, Sunday Newspaper of the Year.
- The Canberra Times, Newspaper of the Year Daily (25,000 – 90,000 circulation).
- The Land, Newspaper of the Year Non-Daily (25,000 – 90,000 circulation).
- Hawkesbury Gazette, Newspaper of the Year Non-Daily (0 – 10,000 circulation).
- Fairfax Digital Online Publisher of the Year.

In conclusion, I believe that the Company is well positioned to benefit from any ongoing improvement in economic conditions.

In addition, Fairfax Media has three very important competitive advantages, being:

- We have quality content. We create it, we integrate it, we innovate it and monetise it across the broad range of media assets we own.
- We have a stable and successful management team and staff, whom I thank for all their hard work over the past 12 months.
- We have the strategy in place to take us forward.

Brian McCarthy
Chief Executive Officer and Managing Director

CORPORATE SOCIAL RESPONSIBILITY REPORT

Fairfax Media has a proud history of working closely with the communities in which it operates. The following provides a summary of the current initiatives under the four key elements of Corporate Social Responsibility.

Community

First and foremost, our content across print, online and radio aims to inform, inspire and connect with communities.

Each business unit provides support for the local communities in which it operates. The direct contribution in advertising and sponsorship is in excess of $17 million each year across the Company. These activities typically take the format of:

- free or discounted advertising space/ community announcements,
- sponsorship arrangements, and
- support for events, awards and associations.

In addition, each year there are several new campaigns and initiatives that support the community. For example, in August 2009 the Company launched an Indigenous Jobs Australia website which was the result of collaboration between the Australian Indigenous Chamber of Commerce (AICC) and Fairfax Media. The national jobs board is aimed at Aboriginal and Torres Strait Islander job seekers and a significant proportion of any profits will be returned to AICC.

For the last three years, Fairfax Media has been actively involved with the development and organisation of "Earth Hour", which has gained international support for action against global warming. Fairfax Media was actively involved from conception in conjunction with WWF Australia and Leo Burnett Sydney.

Our employees in Australia are provided with the opportunity to be involved with the community through a Workplace Giving Program. This enables employees to donate to nominated charities. The program was launched in December 2005 and has raised over $340,000. Employees also participate in activities supporting the community such as Red Cross blood donations.

Environment

Fairfax Media has a strong commitment to the environment. The Printing and Distribution business unit is engaged in considerable environmental initiatives to reduce energy usage, reduce our carbon footprint, reduce emissions and improve recycling. These initiatives are aligned with emerging government requirements and also assist in reducing costs.

All waste newsprint, aluminium plates, plastics, cardboard, ink and rags from the print sites are recycled. In addition, energy consumption has been reduced through the installation of energy efficient equipment (such as insulation, lighting controllers and sensor lights) and water saving actions (such as modified cooling towers and flow restriction devices).

Fairfax Media is a member of the Publisher's National Environment Board (PNEB) and holds two Board seats in this industry body. Most newsprint for Fairfax Media publications is produced with pulp (from plantation trees only) including recycled fibre. The industry body helps to promote newspaper recycling.

The new offices in Sydney and Melbourne have provided us with an opportunity to improve our energy footprint. When employees moved to the new Sydney office, a sustainable commuting plan was developed to provide employees with several commuting alternatives including public transport, cycling and walking. Supporting facilities such as bike lockers and changing facilities were also provided.

The new offices in Melbourne have a five star Green Star rating. They have immediate proximity to public transport and provide for 109 bicycle racks. The design of the building (including solar panel heating for water and roof rainwater collection) results in annual energy savings of up to 30% and a reduction in carbon emissions of 36%.

Marketplace

It is critical for the Company to have a reputation as an independent and trusted source of news and information. To support this we have processes in place such that all employees conduct business in a manner that is honest and of the highest integrity. Company policies and guidelines such as the Code of Conduct, the Journalists Code of Ethics, and the Gifts and Gratuities policy assist employees in understanding these obligations. We strive to maintain our business relationships in a manner which is consistent with principles of respect for others and fairness.

Any real or potential conflicts of interest when dealing with family, friends, or other related parties or entities on behalf of the Company must be disclosed and approval sought before contracting with any of these parties.

Fairfax Media employees are placed in a position of trust and are regularly privy to sensitive information. We operate in accordance with the relevant privacy legislation.

Workplace

The safety of our employees is paramount to our business and is a key focus. Every employee and manager is required to undertake training to ensure they understand their safety obligations. We aim to prevent injuries through education and support (e.g. the employee assistance program).

Our employment policies and practices aim to ensure that the workplace is free from harassment and discrimination and encourage diversity.

In addition, we have a number of initiatives to ensure we attract, motivate and retain high performing employees:

- We have implemented a company-wide management training system which increases the emphasis on our people working together as a team, develops our managers and supervisors as individuals, and provides an excellent pipeline of future senior managers.
- We are in the process of rolling out a consistent approach to performance management to ensure that all employees have the opportunity to focus on their performance and development.
- We provide employees with flexibility where possible and provide a range of employment benefits (e.g. staff at the new Sydney office have access to a gym and subsidised childcare).

Together these activities indicate Fairfax Media's strong commitment to its social responsibilities.

BOARD OF DIRECTORS

Mr Roger Corbett, AO

NON-EXECUTIVE CHAIRMAN, APPOINTED TO THE BOARD 4 FEBRUARY 2003

Mr Corbett was elected Chairman of the Board in October 2009; he has been involved in the retail industry for more than 40 years. In 1984, Mr Corbett joined the Board of David Jones Australia as Director of Operations. In 1990, he was appointed to the Board of Woolworths Limited and to the position of Managing Director of BIG W. In 1999, Mr Corbett was appointed Chief Executive Officer of Woolworths Limited. He retired from that position in 2006. Mr Corbett is a director of the Reserve Bank of Australia, a director of Wal-Mart Stores and Deputy Chairman of PrimeAg Australia Limited. He is also the President of the University of Sydney Medical Foundation; Chairman of the Council and Member of the Executive of Shore School; Chairman of the Salvation Army Advisory Board; a member of the Dean's Advisory Group of the Faculty of Medicine at the University of Sydney; and Chairman of the Advisory Committee of the Westmead Children's Hospital.

Mr John B Fairfax, AO

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 9 MAY 2007

Mr Fairfax was a Board member of Rural Press from 1988 and Chairman from 1990 until the merger with Fairfax Media Limited in 2007. He has significant experience as a company director and in the media and agricultural industries. He has been Chairman of Marinya Media Pty Limited since 1988, Councillor of the Royal Agricultural Society of New South Wales since 1990, Councillor since 1979, and President since 1993 of The Girls and Boys Brigade, Patron since 2008 of The Red Room Company Limited and Trustee of Reuters Founders Share Company Limited since 2005.

Previously, Mr Fairfax was Deputy Chairman of Fairfax (then John Fairfax Limited) from 1985 – 87 and director from 1979 – 87, director of David Syme & Co Ltd 1981 – 87, Chairman of the Media Council of Australia from 1980 – 82, Chairman of the Newspaper Advertising Bureau 1985 – 87, Chairman of the Australian section of the Commonwealth Press Union 1987 – 92, director of St Lukes' Hospital 1973 – 76 and also 1981 – 95, Chairman of Cambooya Investments Limited 1991 – 2002, director of Australian Rural Leadership Foundation Limited 1992 – 98, director of Crane Group Limited 1996 – 2003 and a director of Westpac Banking Corporation Limited 1996 – 2003.

In July 2010, Mr Fairfax announced that he will retire from the Board at the end of his current term and will not seek re-election at the Company's annual general meeting in November 2010.

Mr Nicholas J Fairfax

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 9 MAY 2007

Mr Nicholas Fairfax was a director of Rural Press Limited from August 2005 until May 2007. He has been a director of Marinya Media Pty Limited since 2005, a director of Cambooya Pty Ltd since 2002 and a director of the Vincent Fairfax Family Foundation since 2004. Mr Fairfax is a director of Tickets Holdings Pty Limited, Chairman of Elaine Education Pty Limited and a member of UTS Faculty of Business Executive Council.

Mr Brian McCarthy

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR, APPOINTED TO THE BOARD 10 DECEMBER 2008

Mr McCarthy commenced as CEO and Managing Director of Fairfax Media Limited in December 2008. Prior to joining the Board of Fairfax Media Limited, Mr McCarthy occupied the position of Deputy Chief Executive Officer and Chief Executive Officer Australia, Fairfax Media Limited from May 2007 to December 2008. Mr McCarthy was the Managing Director and CEO of Rural Press Limited from 1994 until its merger with Fairfax Media Limited in 2007.

Mr McCarthy has extensive experience in the media industry. He joined Regional Publishers in 1976 and later became General Manager of Upper Hunter Publishers Pty Limited. Mr McCarthy was the General Manager of The Maitland Mercury between 1984 and 1987 and General Manager – Special Projects for Rural Press Limited between 1987 and 1994. Mr McCarthy was a director of Pacific Area Newspaper Publishers' Association from 1993 – 2001. He has been a director of The Newspaper Works Limited, a newspaper industry body, since 2006.

Ms Sandra McPhee

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 26 FEBRUARY 2010

Ms McPhee is a director of AGL Energy, Kathmandu Holdings Limited, Tourism Australia, St Vincent's and Mater Health Sydney, the Art Gallery of New South Wales and a member of the advisory boards of JP Morgan and MMC. Her previous directorships include Australia Post, Coles Group Limited and Perpetual Limited. Prior to becoming a professional director, Ms McPhee held senior executive positions in a range of consumer oriented industries including retail, tourism and aviation, most recently with Qantas Airways Limited.

Mr Sam Morgan

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 26 FEBRUARY 2010

Mr Morgan is the founder and former CEO of New Zealand's largest online transaction site TradeMe, which was purchased by Fairfax Media in 2006. He is the Chairman of software company Visfleet and a director of online businesses Xero and Sonar6.

BOARD OF DIRECTORS

Ms Linda Nicholls, AO

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 26 FEBRUARY 2010

Ms Nicholls is a corporate advisor and director of a number of leading Australian companies and organisations. She is Chair of Healthscope Limited, and Chair of KDR (Yarra Trams) and a director of Sigma Pharmaceutical Group, and the Walter and Eliza Hall Institute of Biomedical Science. She is also on the Harvard Business School Alumni Board. She is a former Chair of Australia Post and a director of St.George Bank Limited. Prior to becoming a professional director, Ms Nicholls held senior executive positions in the banking and finance industry.

Mr Robert Savage, AM

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 25 JUNE 2007

In addition to his particular expertise in the management of information technology and systems, Mr Savage brings to the Fairfax Media Board his experience as a senior executive in Australia and the Asian region, including experience in people management and organisation effectiveness issues and several years experience as a non-executive director and Chairman across a wide range of Australian companies. Mr Savage was formerly Chairman and Managing Director of IBM Australia and New Zealand. He is Chairman of David Jones Limited and Perpetual Limited, was Chairman of Mincom Limited until May 2007, and a director of Smorgon Steel Group Limited until August, 2007 when it merged with OneSteel Limited.

Mr Peter Young, AM

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 16 SEPTEMBER 2005

Over the last 30 years, Mr Young has been an investment banking executive in Australia, New Zealand and the U.S.A.

Until recently he served as Chairman of Investment Banking for ABN AMRO in Australia and New Zealand. From 1998 to 2002, Mr Young was Executive Vice Chairman, ABN AMRO Group (Australia and New Zealand) and Head of Telecommunications, Media & Technology Client Management for Asia Pacific. He is currently the Chairman of Transfield Services Infrastructure Fund, of Queensland Investment Corporation and of NSW Cultural Management Pty Ltd. He is involved in a number of community, environmental and artistic activities.

Mr Michael Anderson

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD 2 SEPTEMBER 2010

Mr Anderson has had a long career in the radio industry including as Chief Executive of Austereo Limited from 2003 until January 2010. Prior to becoming Chief Executive he was Chief Operating Officer and from 1997 till early 2003 he was Executive Director of Sales and Marketing. He began his career in sales at Austereo in 1990. During his time as Chief Executive he focussed the company on building strong station brands and adapting the business to the changing media market including building and maintaining market leadership and developing new strategic directions, focussing on target audiences and adapting to increased competition. He launched a nationwide digital network and Australia's first digital radio station. He has been a leader in adapting radio to the digital era.

Mr Gregory Hywood

NON-EXECUTIVE DIRECTOR, APPOINTED TO THE BOARD EFFECTIVE 4 OCTOBER 2010

Mr Hywood has enjoyed a long career in the media and government. A Walkley Award winning journalist, he held a number of senior management positions at Fairfax including Publisher and Editor in Chief of each of The Australian Financial Review, The Sydney Morning Herald/Sun Herald and The Age. He also held the position of Group Publisher Fairfax magazines. He was Executive Director Policy and Cabinet in the Victorian Premiers Department between 2004 and 2006 and since 2006 has been Chief Executive of Tourism Victoria. Greg is also a Director of the Tourism and Transport Forum, The Heart Foundation, The Victorian Major Events Company, and a member of the Deakin University Council.

DIRECTORS' REPORT

Directors

The Directors of the Company at any time during the financial year or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

MR ROGER CORBETT, AO

Non-Executive Chair effective 13 October 2009

MR BRIAN MCCARTHY

Chief Executive Officer and Managing Director

MR JOHN B FAIRFAX, AO

Non-Executive Director

MR NICHOLAS FAIRFAX

Non-Executive Director

MS SANDRA MCPHEE

Non-Executive Director

Appointed to the Board on 26 February 2010.

MR SAM MORGAN

Non-Executive Director

Appointed to the Board on 26 February 2010.

MS LINDA NICHOLLS, AO

Non-Executive Director

Appointed to the Board on 26 February 2010.

MR ROBERT SAVAGE, AM

Non-Executive Director

MR PETER YOUNG, AM

Non-Executive Director

MR MICHAEL ANDERSON

Non-Executive Director

Appointed by the Board on 2 September 2010.

MR GREGORY HYWOOD

Non-Executive Director

Appointed by the Board effective 4 October 2010.

MR RONALD WALKER, AC, CBE

Non-Executive Chair

Retired from the Board on 10 November 2009.

MR DAVID EVANS

Non-Executive Director

Retired from the Board on 10 November 2009.

MRS JULIA KING

Non-Executive Director

Retired from the Board on 10 November 2009.

A profile of each Director holding office at the date of this report is included on pages 10-13 of this report.

ALTERNATE DIRECTOR

Mr Patrick Joyce, Investment Director at Marinya Media Pty Limited, is an alternate Director for Messrs John B and Nicholas Fairfax.

Company Secretary

The Company Secretary, Ms Gail Hambly, was appointed to the position of Group General Counsel and Company Secretary in 1993. Before joining Fairfax Media Limited she practised as a solicitor at a major law firm. She has extensive experience in commercial, media and communication law. Ms Hambly is a member of the Media and Communications Committee and the Privacy Committee for the Law Council of Australia, a member of the Advisory Board for the Centre of Media and Communications Law at the Melbourne Law School and a member of Chartered Secretaries Australia. Ms Hambly is also a Director of Company B Belvoir Limited. She holds degrees in Law, Economics, Science and Arts.

Corporate structure

Fairfax Media Limited is a company limited by shares that is incorporated and domiciled in Australia.

Principal activities

The principal activities of the consolidated entity during the course of the financial year were the publishing of news, information and entertainment, advertising sales in newspaper, magazine and online formats, and radio broadcasting.

There were no significant changes in the nature of the consolidated entity during the year other than the matters set out as significant changes in the state of affairs below.

Consolidated result

The profit attributable to the consolidated entity for the financial year was $282,115,000 (2009 Loss: $380,050,000).

Dividends

No final dividend was paid in respect of the year ended 28 June 2009. An interim unfranked dividend of 1.1c per ordinary share and debenture was paid on 19 March 2010 in respect of the year ended 27 June 2010.

Since the end of the financial year, the Board has declared a final fully franked dividend of 1.4 cents per ordinary share and debenture in respect of the year ended 27 June 2010. This dividend is payable on 23 September 2010.

Distributions to holders of Stapled Preference Securities (SPS) were paid as follows: $2.2946 per share paid 30 October 2009 and $2.9010 per share paid 30 April 2010.

Review of operations

Revenue for the Group decreased 5% to $2,490 million generating a net profit after tax of $282.1 million (2009: loss $380.1 million). Earnings per share increased to a profit of 11.5 cents (2009: loss 21.6 cents).

Further information is provided in the Management Discussion and Analysis Report on page 38.

Significant changes in the state of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

On 15 March 2010, Fairfax Corporation Pty Limited purchased NZ$89.6 million Redeemable Preference Shares (RPS) in Fairfax New Zealand Finance Limited from investors who exercised their put option under the terms of issue of the RPS. The remaining NZ$96.9 million of RPS were redeemed on 15 June 2010.

Likely developments and expected results

The consolidated entity's prospects and strategic direction are discussed in the Chairman's and the Chief Executive Officer's reports on pages 4–7 of this report.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation and performance

No material non-compliance with environmental regulation has been identified relating to the 2010 financial year.

The Company will be reporting to the Department of Climate Change on the total carbon emissions of the Group generated in the 2010 financial year under the National Greenhouse and Energy Reporting legislation by 31 October this year. The Group’s main source of carbon emissions overall is from electricity consumption at its larger sites. The relocation of staff from the Darling Park headquarters to One Darling Island in Pyrmont, and the move to Media House at Southern Cross Station in Melbourne, both of which are new, energy efficient buildings has resulted in reduced emissions for the relevant business units. The completion of Media House allowed for the consolidation of a number of separate Victorian-based business units into one building with significant resultant efficiencies. More information about the Group’s environmental performance can be found in the Corporate Social Responsibility report.

Events after balance date

There have not been any after balance date events.

Remuneration Report

A remuneration report is set out on pages 20-28 and forms part of this Directors’ Report.

Directors’ Interests

The relevant interest of each Director in the equity of the Company, as at the date of this report is:

Ordinary Shares	Opening Balance	Acquisition	Disposals	Closing Balance	Post Year End Acquisitions	Post Year End Disposals	Post Year End Balance
RC Corbett	99,206	-	-	99,206	-	-	99,206
JB Fairfax	235,426,781	-	-	235,426,781	-	-	235,426,781
NJ Fairfax	3,892,481	-	-	3,892,481	-	-	3,892,481
BK McCarthy	2,358,522	255,920	463,581	2,150,861	-	-	2,150,861
S McPhee	-	-	-	-	-	-	-
S Morgan	-	-	-	-	-	-	-
L Nicholls	-	-	-	-	-	-	-
R Savage	47,899	-	-	47,899	-	-	47,899
P Young*	131,117	-	-	131,117	-	-	131,117
							-
TOTAL	241,956,006	255,920	463,581	241,748,345	-	-	241,748,345

* During the year Mr Peter Young disposed of 630 Stapled Preference Securities (SPS). As at the date of this report no director holds any SPS.

No Director holds options over shares in the Company.

Directors' meetings

The following table shows the number of Board and Committee meetings held during the financial year ended 27 June, 2010 and the number attended by each Director or Committee member.

	MEETINGS ***							
			Audit & Risk		Nominations		Personnel Policy and Remuneration	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
R C Corbett**	10	10	4	4	5	5	4	3
JB Fairfax	10	10	-	-	-	-	4	4
NJ Fairfax	10	10	4	4	5	5	-	-
BK McCarthy*	10	10	-	-	-	-	-	-
S McPhee	4	4	-	-	-	-	-	-
S Morgan	4	4	-	-	-	-	-	-
L Nicholls	4	4	1	1	-	-	-	-
R Savage	10	9	4	4	-	-	-	-
P Young	10	9	4	4	5	5	4	4
D Evans	3	3	-	-	-	-	1	1
JM King	2	1	-	-	1	0	-	-
R J Walker**	3	3	2	1	1	1	1	1

* Mr McCarthy attends the Audit & Risk and Personnel Policy & Remuneration Committee meetings as invitee of the Committees.

** Mr Walker, Chairman, was an ex officio member of all Board committees, retiring on 10 November 2009. Mr Corbett, appointed as Chairman, is an ex officio member of all Board committees.

*** The number of meetings held refers to the number of meetings held while the Director was a member of the Board or Committee.

Options

There are no unissued shares under option as at the date of this report. No options over unissued shares were granted during or since the end of the financial year. There were no movements in options during the financial year. No shares were issued during or since the end of the financial year as a result of the exercise of an option.

Indemnification and insurance of officers and auditors

The Directors of the Company and such other officers as the Directors determine, are entitled to receive the benefit of an indemnity contained in the Constitution of the Company to the extent allowed by the Corporations Act 2001, including against liabilities incurred by them in their respective capacities in successfully defending proceedings against them.

During or since the end of the financial year, the Company has paid premiums under contracts insuring the Directors and officers of the Company and its controlled entities against liability incurred in that capacity to the extent allowed by the Corporations Act 2001. The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

Each Director has entered into a Deed of Access, Disclosure, Insurance and Indemnity which provides for indemnity by the Company against liability as a Director to the extent allowed by the law.

There are no indemnities given or insurance premiums paid during or since the end of the financial year for the auditors.

No officers are former auditors

No officer of the consolidated entity has been a partner of an audit firm or a director of an audit company that is the auditor of the Company and the consolidated entity for the financial year.

Non-audit services

Under its Charter of Audit Independence, the Company may employ the auditor to provide services additional to statutory audit duties where the type of work performed and the fees for services do not impact on the actual or perceived independence of the auditor.

Details of the amounts paid or payable to the auditor, Ernst & Young, for non-audit services provided during the financial year are set out below. Details of amounts paid or payable for audit services are set out in Note 33 to the financial statements.

The Board of Directors has received advice from the Audit and Risk Committee and is satisfied that the provision of the non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001 because none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 is on page 19 of this report.

During the financial year, Ernst & Young received or were due to receive the following amounts for the provision of non-audit services:

Subsidiary company and other audits required by contract or regulatory or other bodies:

- Australia $251,397
- Overseas $316,386

Other assurance and non-assurance services:

- Australia $94,677
- Overseas $23,061

Rounding

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts contained in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed on behalf of the Directors in accordance with a resolution of the Directors.

Roger Corbett

Chairman

20 September 2010

Brian McCarthy

Chief Executive Officer and Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration to the Directors of Fairfax Media Limited

In relation to our audit of the financial report of Fairfax Media Limited for the financial year ended 27 June 2010, 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

Christopher George
Partner
20 September 2010

REMUNERATION REPORT

1. Introduction

This report forms part of the Company's 2010 Directors' Report and describes the Fairfax Group's remuneration arrangements for Directors and prescribed senior executives in accordance with the requirements of the Corporations Act 2001 and Regulations. The report also contains details of the equity interests of Fairfax Directors and prescribed senior executives.

2. Personnel Policy and Remuneration Committee

The Board has a formal Charter for the Personnel Policy and Remuneration Committee (PPRC) which prescribes the responsibilities, composition and meeting rules of the Committee. Under the Charter, the Committee must be comprised of a majority of non-executive Directors who are independent. The members of the PPRC are Peter Young (Chairman), Roger Corbett, John B Fairfax and Sandra McPhee (from 1 July, 2010). All members except John B Fairfax are independent. The PPRC met four times during the year.

The Committee's primary responsibilities are to:

(a) review and approve Fairfax employee remuneration strategies and frameworks in consultation with the CEO;

(b) oversee the development and implementation of employee remuneration programs, performance management and succession planning with the goal of attracting, motivating and retaining high quality people, in consultation with the CEO;

(c) review and recommend to the Board for approval the goals and objectives relevant to the remuneration of the CEO, assist the Board to evaluate the performance of the CEO in light of those goals and objectives, and to recommend to the Board the CEO's remuneration (including incentive payments) based on this evaluation;

(d) review the principles to apply to contractual terms of employment for direct reports to the CEO including base pay, incentives, superannuation arrangements, retention arrangements, termination payments, performance goals and performance based evaluation procedures and succession plans;

(e) make recommendations to the Board on Directors' fees and review and recommend the aggregate remuneration of non-executive Directors to be approved by shareholders; and

(f) review the Group's framework for compliance with occupational, health, safety and environmental regulation and its performance against the framework.

The CEO attends PPRC meetings as an invitee but not when his own remuneration arrangements are being discussed.

The Committee commissions reports from independent remuneration experts on market relativities and other matters relating to remuneration practices to assist it with setting appropriate remuneration levels and processes.

3. Remuneration of Non-Executive Directors

Under the Company's Constitution, the aggregate remuneration of non-executive Directors is set by resolution of shareholders. The aggregate was last reviewed by shareholders at the 2007 Annual General Meeting and set at $2,000,000 per annum. Within this limit, the Board annually reviews Directors' remuneration with advice from the PPRC. The Board also considers survey data on Directors' fees paid by comparable companies, and expert advice commissioned from time to time.

Fees to non-executive Directors reflect the demands and the responsibilities of each Director including service on Board Committees. Directors have resolved to seek shareholder approval for an increase in the cap on the aggregate directors' fees from $2,000,000 to $2,100,000 at the Company's 2010 AGM.

At the date of this report, the Board has set Board and committee fees as follows:

	$
Chairman of the Board *	336,000
Other Non-Executive Director	120,000
Chair of Audit & Risk Committee	40,000
Members of Audit & Risk Committee	30,000
Chair of Personnel Policy & Remuneration Committee	30,000
Members of Personnel Policy & Remuneration Committee	20,000
Chair of the Nominations Committee	30,000
Members of Nominations Committee	20,000

* The Chairman of the Board does not receive committee fees for membership of the Personnel Policy and Remuneration Committee and the Nominations Committee.

The fees above do not include statutory superannuation payments.

3.1 RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

The Company makes superannuation contributions on behalf of non-executive Directors in accordance with statutory requirements.

In 2004, the Company discontinued its retirement benefits scheme ("Retirement Benefit") for non-executive Directors and froze existing entitlements at that time. Other than superannuation contributions outlined above, non-executive Directors who did not have five years service on the Board as at 30 June 2004 are not eligible for other retirement benefits. Non-executive Directors who had served on the Board for at least five years as at 30 June 2004 and who therefore had already qualified for benefits under the previous scheme are, on retirement, entitled to a retirement benefit equivalent to the lesser of:

(a) three times the relevant Director's annual Directors fee as at 30 June 2004; or

(b) the maximum allowable without shareholder approval under the Corporations Act and the ASX Listing Rules.

Julia King, who had served on the Board since July 1995 and retired in November 2009, was eligible for a benefit under the Retirement Benefits scheme. She received a benefit of $195,000.

Since the retirement of Mrs King there are no more Directors eligible for Retirement Benefits.

4. Remuneration of the Chief Executive Officer

The remuneration details for the CEO are set out in section 5.5 of this report.

The key terms of Mr McCarthy's Executive Services Agreement with the Company include a base salary (including superannuation and other benefits but excluding performance bonus and Long Term EBIS) of $1.5 million per year, a performance bonus and participation in the Long Term Equity-Based Incentive Scheme (EBIS).

Mr McCarthy is eligible for a performance bonus ("Performance Bonus") of up to ninety percent of salary plus superannuation ('Fixed Remuneration') depending on achievement of defined performance criteria set at the beginning of each financial year. The performance targets are approved by the Personnel Policy and Remuneration Committee ("PPRC") of the Board each year. Eighty eight percent of the Performance Bonus is determined by achievement of financial targets for the Group. The remaining twelve percent is based on other Key Performance Indicators set by the PPRC each year depending on the operational and strategic goals of the Group.

In addition under the Long Term EBIS, Mr McCarthy is entitled to an allocation of shares (purchased on market by the Executive Share Plan Trust) to the equivalent of 100% of his Fixed Remuneration as an allocation of Company shares each year. These shares vest on the terms set out in section 5.2. In the 2010 financial year, in response to the impact of the global financial crisis on the group, the Directors determined that for the 2009-2010 financial year only, the share allocations to participants in the Long Term EBIS would be reduced to 25% of normal allocations. Consequently, in the 2009-2010 financial year, Mr McCarthy received a share allocation in the Long term EBIS equivalent to 25% of his Fixed Remuneration.

5. Remuneration of Senior Executives

The objectives of the Company's executive remuneration framework are to align executive remuneration with the achievement of strategic objectives, the creation of value for shareholders, and to be in line with market. The PPRC aims to ensure that the executive remuneration framework addresses the following criteria:

- Fairly remunerate capable and performing executives;
- Attract, retain and motivate talented, qualified and experienced people in light of competitive employment markets;
- Align remuneration with achievement of business strategy;
- Align interests of executives and shareholders;
- Deliver competitive cost outcomes;
- Comply with regulatory requirements; and
- Be transparent and fair.

The executive remuneration framework established by the PPRC comprises a mix of fixed and performance-based components:

- A fixed remuneration package which includes base pay, superannuation and other benefits; and
- Performance incentives.

The combination comprises the executive's total remuneration.

The fixed remuneration package (Fixed Remuneration) includes all employee benefits and related fringe benefits tax, for example, motor vehicle, parking and superannuation. It represents the total fixed cost to the Company.

Payment of performance-based incentives is determined by the financial performance of the Company, the financial performance of the business unit relevant to the executive and the personal performance of the individual executive against objectives set at the beginning of the year. The CEO conducts performance reviews with his direct reports, generally in July each year, and presents the outcomes and proposed incentive payments to the PPRC. The PPRC reviews and approves the remuneration packages and bonus payments to the CEO's direct reports annually, generally in August. On the recommendations of the CEO, the PPRC also reviews and approves the key performance indicators for the CEO's direct reports for the following year. Performance evaluations in accordance with this framework have taken place for senior executives for the year ended 27 June 2010 during July to August 2010.

5.1 PERFORMANCE-BASED SHORT TERM INCENTIVES ("BONUS PAYMENTS") FOR SENIOR EXECUTIVES

Annual bonus payments for senior executives depend on achievement of annual financial performance criteria for the Group as well as specific strategic and operational criteria. The bonus criteria for the CEO are set each year by the Board after considering recommendations from the PPRC. The bonus opportunity consists of three components:

• corporate level – drives corporate financial results (EPS, EBIT) and encourages senior management to work together for the overall benefit of the group;

• business unit level – drives business unit financial results and other operational metrics to encourage team behaviour (e.g. EBIT, circulation, readership, market position, revenue);

• personal level – drives team and individual operating results (e.g. safety, cost reduction, business improvement, leadership).

Each senior executive has a target bonus opportunity depending on the accountabilities of the role and impact on Company or business unit performance. There are two levels of performance:

• "On-target" performance – where 100% of the target bonus will be earned (e.g. for EBIT the "on-target" performance is typically achievement of budget) or

• "Maximum" performance - where performance is such that the maximum level of incentive will be earned. This applies for corporate and business unit measures only.

For most senior executives reporting directly to the CEO, the on-target bonus opportunity for 2010 was 25% of the executive's fixed remuneration package and the maximum bonus opportunity was 47.5% of the fixed remuneration package. Generally, the bonus opportunity consists of three components: 20% is based on Group EBIT and earnings per share, 70% is based on business unit financial performance and 10% is based on other key performance indicators (KPIs). For corporate executives whose duties are not confined to one business unit, generally 50% of the bonus opportunity is based on corporate financial performance.

The Board sets Group profit targets annually as part of the budget and strategic planning process. Using a profit target ensures reward is linked to achievement of the business plan and value creation for shareholders. Incentives are leveraged for performance above the threshold to provide incentive for executive over-performance.

5.2 EQUITY-BASED INCENTIVE SCHEMES (EBIS)

Senior executives whose roles and skills are critical to the strategy of the Group are eligible to participate in the Company's equity-based incentive scheme.

2006-2007 EBIS

The 2006-2007 EBIS applied for bonuses earned in the 2006 and 2007 financial years. Under the 2006-2007 EBIS, one third of the annual bonus earned on the achievement of KPIs, as detailed in Section 5.1 above, was deferred. The deferred amount was remitted to the trustee of the Employee Share Plan who purchased shares on market and allocated shares in the Plan to the relevant executive. Each participating executive's allocated shares vest three years after the allocation date subject to ongoing employment requirements and achievement of hurdles.

2008 AND ONGOING LONG TERM EBIS

In August 2007, the Board approved a new long-term EBIS (Long Term EBIS) for the CEO, his direct reports and a wider group of senior executives whose performance is critical to the overall performance of the Group. The Long Term EBIS commenced operation for the 2008 financial year. It aims to reward executives for creating growth in shareholder value. Participants in the Long Term EBIS receive a percentage of their total fixed remuneration as an allocation of Company shares (Allocation). The number of Company shares to which a participant is entitled will depend on the participant's role and responsibilities.

Shares for the Allocations are purchased on market by the trustee of the Executive Share Plan. The shares are allocated to the employee and held by the trustee in trust until the Allocation vests or is forfeited. Executives receive any dividends paid on the shares while they are in the trust. In response to the impact of the global financial crisis, the Directors determined that for the year ended 27 June 2010, the share allocations to participants in the Long Term EBIS were reduced to 25% of their normal allocations.

For an Allocation to vest, there are two performance hurdles, both linked to the Company's return to shareholders. The hurdles are measured at the end of the three year vesting period. In addition, if an Allocation does not vest at the end of the three year period, a re-test of the performance hurdles will occur at the end of the fourth year, and if satisfied, the Allocation will vest. Fifty percent of an Allocation will vest on achievement by the Company of the total shareholder return (TSR) target. TSR will be measured against the S&P/ASX 300 Consumer Discretionary Index and shares will vest against the capital weighted percentile thresholds in the table:

TSR performance	% of Allocation that vests
Under 50th percentile	Nil
50th percentile	50% of Allocation
50th to 75th percentile	Straight line pro rata
Above 75th percentile	100%

The other fifty percent of the Allocation will vest on achievement of the earnings per share (EPS) target. EPS will be measured by the compound annual growth rate (CAGR) of the Company's EPS and vesting will be according to the table below:

EPS performance	% of Allocation that vests
Less than 7% CAGR	Nil
7% CAGR	25%
7% to 10% CAGR	Straight line pro rata
10% CAGR or above	100%

OTHER TERMS OF THE LONG-TERM EBIS

On termination of an executive's employment, vesting rights will depend on the circumstances of the termination. If an executive resigns, unvested allocations will generally be forfeited. Although the Board has discretion to allow vesting, generally the Board will not exercise this discretion unless there are very special circumstances. On termination for misconduct, allocations will be forfeited. If an executive is terminated without cause, for example made redundant or dies or is permanently disabled, then vesting will be at the Board's discretion. In the circumstances of an offer to acquire the Company, vesting will be at the Board's discretion.

The Long-Term EBIS was suspended in May 2009 pending finalisation of the tax treatment of employee share plans as a consequence of announcements made in the 2009 Federal Budget. It recommenced operation in June 2010 on the same terms as it previously operated after the relevant tax legislation was finalised.

The financial performance of the Company in key shareholder value measures over the past five years is shown below:

		AIFRS 2010	AIFRS 2009	AIFRS 2008	AIFRS 2007	AIFRS 2006
Underlying operating revenue	$m	2,482	2,600	2,909	2,117.6	1,907.8
Net profit before significant items	$m	290.7	241.3	395.9	267.8	234.3
Earnings per share before significant items	Cents	11.8	12.4	23.4	23.2	24.5
Dividends per share	Cents	2.5	2.0	20.0	20.0	19.5
*Total Shareholder Returns (TSR)	%	11.3	(52.1)	(34.7)	34.2	(5.70)

* TSR comprises share price appreciation and dividends, gross of franking credits, reinvested in the shares

Source: Bloomberg

5.3 RETIREMENT BENEFITS FOR EXECUTIVES

Except for a very small number of long serving executives who are members of a defined-benefit superannuation plan, retirement benefits are delivered through contribution accumulation superannuation plans. The defined-benefit funds (which are closed to new entrants) provides defined lump sum benefits based on years of service, retirement age and the executive's remuneration at the time of retirement.

5.4 EXECUTIVE SERVICE AGREEMENTS

The terms of employment of the CEO are set out in section 4 and this section 5.4 below.

The remuneration and other terms of employment for the highest paid executives and key management personnel (disclosed in section 5.6 pursuant to section 300A of the Corporations Act) are set out in written agreements. These service agreements are unlimited in term but may be terminated by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below. Each agreement sets out the total fixed remuneration, performance-related cash bonus opportunities, superannuation, termination rights and obligations and eligibility to participate in the equity-based incentive scheme.

As described in this section 5, executive salaries are reviewed annually. The executive service agreements do not require the Company to increase base salary, pay incentive bonuses or continue the executive's participation in the equity-based incentive scheme. Key non-financial terms in the executive service agreements are set out below. Remuneration details are set out in sections 5.5 and 5.6.

TERMINATION OF EMPLOYMENT WITHOUT NOTICE AND WITHOUT PAYMENT IN LIEU OF NOTICE

The Company may terminate the employment of the executive without notice and without payment in lieu of notice in some circumstances. Generally this includes if the executive:

(a) commits an act of serious misconduct;

(b) commits a material breach of the executive service agreement;

(c) is charged with any criminal offence which, in the reasonable opinion of the Company, may embarrass or bring the Fairfax Group into disrepute; or

(d) unreasonably refuses to carry out his or her duties including complying with reasonable, material and lawful directions from the Company.

TERMINATION OF EMPLOYMENT WITH NOTICE OR WITH PAYMENT IN LIEU OF NOTICE

The Company may terminate the employment of the executive at any time by giving the executive notice of termination or payment in lieu of such notice. The amount of notice required from the Company in these circumstances is set out in the table below. If the Company elects to make payment in lieu of all or part of the required notice, the payment is calculated on the basis of fixed remuneration excluding bonuses and non-cash incentives.

Name of Executive	Company Termination Notice Period	Employee Termination Notice Period	Post-Employment Restraint
Brian McCarthy	12 months	6 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Alan Browne	12 months	4 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Brian Cassell	12 months	4 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Gail Hambly	18 months	3 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Bob Lockley	12 months	4 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Jack Matthews	12 months	6 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group

5.5 REMUNERATION OF DIRECTORS

			SHORT-TERM		POST EMPLOYMENT				
		Directors' Fees	Base Salary & Other Benefits	Cash Bonus	Termination	Super-annuation	Long Service Leave Expense	Total	Performance Related Total
RJ Walker	2010	115,323	-	-	-	10,379	-	125,702	n/a
	2009	336,000	-	-	-	30,240	-	366,240	n/a
RC Corbett	2010	321,233	-	-	-	28,911	-	350,144	n/a
	2009	180,910	-	-	-	16,282	-	197,192	n/a
D Evans	2010	51,589	-	-	-	4,643	-	56,232	n/a
	2009	160,000	-	-	-	14,400	-	174,400	n/a
JB Fairfax	2010	140,000	-	-	-	12,600	-	152,600	n/a
	2009	140,000	-	-	-	12,600	-	152,600	n/a
NJ Fairfax	2010	170,000	-	-	-	15,300	-	185,300	n/a
	2009	173,526	-	-	-	15,617	-	189,143	n/a
JM King	2010	51,833	-	-	195,000	4,665	-	251,498	n/a
	2009	150,000	-	-	-	13,500	-	163,500	n/a
BK McCarthy	2010	-	1,405,014	1,155,750	-	42,308	57,483	2,660,555	52%
	2009	-	1,200,000	298,220	-	100,000	63,839	1,662,059	34%
S McPhee	2010	40,461	-	-	-	3,641	-	44,102	n/a
S Morgan	2010	40,461	-	-	-	3,641	-	44,102	n/a
L Nicholls	2010	49,025	-	-	-	4,412	-	53,437	n/a
R Savage	2010	150,000	-	-	-	13,500	-	163,500	n/a
	2009	150,000	-	-	-	13,500	-	163,500	n/a
P Young	2010	200,000	-	-	-	18,000	-	218,000	n/a
	2009	175,564	-	-	-	15,801	-	191,365	n/a
Total remuneration:									
Directors	**2010**	**1,329,925**	**1,405,014**	**1,155,750**	**195,000**	**162,000**	**57,483**	**4,305,172**	
	2009	1,466,000	1,200,000	298,220	-	231,940	63,839	3,259,999	

In addition to the remuneration in table 5.5 above Brian McCarthy's total cost to the Company includes the amortised cost of the fair value of rights to shares issued of $502,909 (2009: $407,408) representing a total of $3,163,464 (2009: $2,069,467). Non-Executive Directors are not participants in any performance related share arrangements (refer section 3 of the remuneration report).

5.6 KEY MANAGEMENT PERSONNEL

The following are the key management personnel for the financial year in addition to the directors listed above.

KMP	Title
Brian McCarthy	Chief Executive Officer
Brian Cassell	Chief Financial Officer
Gail Hambly	Group General Counsel and Company Secretary

Subsequent to balance date, Michael Anderson was appointed to the Board on 2 September 2010 and Gregory Hywood was appointed to the Board effective 4 October 2010. There were no other changes to the key management personnel between the end of the financial year and the date of this report.

REMUNERATION OF THE COMPANY & GROUP EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATION OR ARE KEY MANAGEMENT PERSONNEL 2010

				SHORT-TERM		POST EMPLOYMENT			
	Title	Company	Group	Base Salary & Other Benefits	Cash Bonus	Super-annuation	Long Service Leave Expense	Total excluding shares	Performance Related Total
B McCarthy	Chief Executive Officer	✓	✓	1,405,014	1,155,750	42,308	57,483	2,660,555	52%
A Browne	CEO & Publisher – Australian Regional Pub	✓	✓	485,727	214,500	50,000	59,519	809,746	35%
B Cassell	Chief Financial Officer	✓	✓	689,325	363,340	50,000	78,350	1,181,015	39%
G Hambly	Group General Counsel & Company Secretary	✓	✓	492,109	273,350	59,145	10,208	834,812	43%
R Lockley	CEO – Web Printing	✓	✓	504,972	242,825	51,923	52,835	852,555	37%
J Matthews	CEO – Fairfax Digital	✓	✓	576,717	250,938	48,297	8,151	884,103	40%
TOTAL				**4,153,864**	**2,500,703**	**301,673**	**266,546**	**7,222,786**	

Amortised cost to the Company of the fair value of rights to shares issued:

B McCarthy $502,909, A Browne $103,616, B Cassell $150,899, G Hambly $156,817, R Lockley $107,779 and J Matthews $177,032.

Total cost to the Company after inclusion of the amortised cost of the fair value of rights to shares:

B McCarthy $3,163,464, A Browne $913,362, B Cassell $1,331,914, G Hambly $991,629, R Lockley $960,334, J Matthews $1,061,135.

REMUNERATION OF THE COMPANY & GROUP EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATION OR ARE KEY MANAGEMENT PERSONNEL 2009

			SHORT-TERM		POST EMPLOYMENT				
	Company	Group	Base Salary & Other Benefits	Cash Bonus	Termination Payment	Super-annuation	Long Service Leave Expense	Total excluding shares	Performance Related Total
B McCarthy	✓	✓	1,200,000	298,220	-	100,000	63,839	1,662,059	34%
B Cassell*	✓	✓	500,000	90,960	-	100,000	8,395	699,355	26%
G Hambly	✓	✓	490,855	92,125	-	59,145	8,327	650,452	32%
S Narayan*	✓	✓	627,178	-	1,197,843	55,899	-	1,880,920	n/a
J Matthews	✓	✓	576,554	75,000	-	48,445	5,850	705,849	27%
L Price**	✓	✓	164,531	-	506,869	14,773	-	686,173	16%
J Withers***		✓	680,955	-	162,580	-	-	843,535	n/a
TOTAL			**4,240,073**	**556,305**	**1,867,292**	**378,262**	**86,411**	**7,128,343**	

* Sankar Narayan (CFO) ceased employment in May 2009.

** Linda Price (IT and Group HR Director) ceased employment 1 December 2008

*** Joan Withers (CEO-New Zealand) ceased employment in June 2009.

Amortised cost to the Company of the fair value of rights to shares issued:

B McCarthy $407,408, B Cassell $122,632, G Hambly $180,874, S Narayan $34,302 credit, J Matthews $157,660 and L Price $132,545.

Total cost to the Company after inclusion of the amortised cost of the fair value of rights to shares:

B McCarthy $2,069,467, B Cassell $821,987, G Hambly $ 831,326, S Narayan $1,846,618, J Matthews $863,509, L Price $818,718 and J Withers $843,535.

5.7 OPTIONS

During the year ended 27 June 2010:

- no options were granted to Directors or key management personnel (2009:nil);
- no options held by Directors or key management personnel vested (2009:nil);
- no options held by Directors or key management personnel lapsed (2009:nil); and
- no options held by Directors or key management personnel were exercised (2009:nil).

5.8 LOANS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

During the year ended 27 June 2010, there were no loans to Directors or to key management personnel (2009: nil).

5.9 HEDGING RISK ON SECURITIES FORMING PART OF REMUNERATION

The rules of the Fairfax Employee Share Plans prohibit employees from creating any encumbrance on unvested share rights. Under the Board approved Fairfax Securities Trading Policy, the Directors and certain senior employees are not permitted to enter a financial transaction (whether through a derivative, hedge or other arrangement) which would operate to limit the economic risk of an employee's holding of unvested Company securities which have been allocated to the employee as part of his or her remuneration.

Employees who are found not to have complied with the Securities Trading Policy risk disciplinary sanctions which may include termination of employment.

CORPORATE GOVERNANCE

The Company's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd edition ("ASX Recommendations") is set out in the following table.

	Compliance	Pages
Principle 1: Lay solid foundations for management and oversight		
1.1 Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	✓	31
1.2 Disclose the process for evaluating the performance of senior executives	✓	20-24
1.3 Provide the information indicated in the Guide to reporting on Principle 1	✓	22
Principle 2: Structure the Board to add value		
2.1 A majority of the Board should be independent Directors	✓	32
2.2 The chair should be an independent Director	✓	32
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	✓	32
2.4 The Board should establish a nomination committee	✓	32
2.5 Disclose the process for evaluating the performance of the Board, its committees and individual Directors	✓	32
2.6 Provide the information indicated in Guide to reporting on Principle 2	✓	10-13,17,32-33
Principle 3: Promote ethical and responsible decision making		
3.1 Establish a code of conduct and disclose the code or a summary of the code as to:		
• the practices necessary to maintain confidence in the Company's integrity;	✓	33
• the practices necessary to take into account their legal obligations and the reasonable expectations of shareholders; and	✓	33
• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓	33
3.2 Establish a policy concerning trading in company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy	✓	37
3.3 Provide the information indicated in Guide to reporting on Principle 3	✓	33,37
Principle 4: Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee	✓	34
4.2 Structure the audit committee so that it:		
• consists of only non-executive Directors;	✓	31
• consists of a majority of independent Directors;	✓	31
• is chaired by an independent chair, who is not chair of the Board; and	✓	31
• has at least three members.	✓	31
4.3 The audit committee should have a formal charter	✓	34
4.4 Provide the information indicated in Guide to reporting on Principle 4	✓	10-13,17,34
Principle 5: Make timely and balanced disclosure		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	✓	35
5.2 Provide the information indicated in Guide to reporting on Principle 5	✓	35

	Compliance	Pages
Principle 6: Respect the rights of shareholders		
6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy	✓	35
6.2 Provide the information indicated in Guide to reporting on Principle 6	✓	35
Principle 7: Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	✓	35-36
7.2 Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	35-36
7.3 Board should disclose whether it has received assurance from the chief executive (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	35-36
7.4 Provide the information indicated in Guide to reporting on Principle 7	✓	35-36
Principle 8: Remunerate fairly and responsibly		
8.1 The Board should establish a remuneration committee	✓	20
8.2 Clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives	✓	20-24
8.3 Provide the information indicated in Guide to reporting on Principle 8	✓	17,20-21,28

CORPORATE GOVERNANCE

The key corporate governance principles of the Fairfax Group are set out below. This section of the Annual Report, which is publicly available on the Company's website at www.fxj.com.au, contains summaries of the Fairfax Board Charter, Nomination Committee Charter, Code of Conduct, Audit and Risk Committee Charter, Charter of Audit Independence, policy on market disclosure and shareholder communications, risk management policy and securities trading policy (including policy on hedging unvested securities issued as part of remuneration). The Personnel Policy and Remuneration Committee Charter is summarised in the Remuneration Report.

BOARD OF DIRECTORS

The Board of Directors is responsible for the long-term growth and profitability of the Group.

The Board has adopted a Board Charter which sets out the responsibilities of the Board and its structure and governance requirements. Under the Board Charter, the responsibilities of the Board are to:

(a) set the strategic direction of the Fairfax Group;

(b) provide overall policy guidance and ensure that policies and procedures for corporate governance and risk management are in place to ensure shareholder funds are prudently managed and that the Group complies with its regulatory obligations and ethical standards;

(c) set and monitor performance against the financial objectives and performance targets for the Group;

(d) determine the terms of employment and review the performance of the Chief Executive Officer (CEO);

(e) set and monitor the Group's programs for succession planning and key executive development with the aim to ensure these programs are effective;

(f) approve acquisitions and disposals of assets, businesses and expenditure above set monetary limits; and

(g) approve the issue of securities and entry into material finance arrangements, including loans and debt issues.

Subject to the specific authorities reserved to the Board under the Board Charter, and to the authorities delegated to the Board committees, the Board has delegated to the CEO responsibility for the management and operation of the Fairfax Group. The CEO is responsible for the day-to-day operations, financial performance and administration of the Fairfax Group within the powers authorised to him from time-to-time by the Board. The CEO may make further delegation within the delegations specified by the Board and is accountable to the Board for the exercise of these delegated powers.

Membership of the Board and its committees at the date of this report is set out below.

		COMMITTEE MEMBERSHIP		
Director	Membership Type	Audit & Risk	Nominations	Personnel Policy & Remuneration
R Corbett*	Independent Chair	Member	Chair	Member
BK McCarthy	CEO	-	-	-
M Anderson**	Independent	-	-	-
JB Fairfax	Non-Independent	-	-	Member
N Fairfax	Non-Independent	Member	Member	-
G Hywood***	Independent	-	-	-
S McPhee****	Independent	-	-	Member
S Morgan****	Independent	-	-	-
L Nicholls****	Independent	Chair	-	-
R Savage	Independent	Member	-	-
P Young	Independent	Member	Member	Chair

* Mr Walker retired from the Board on 10 November, 2009. Mr Corbett was appointed as Chairman of the Board on 13 October, 2009.

** Mr Anderson was appointed to the Board on 2 September 2010.

*** Mr Hywood's appointment to the Board is effective 4 October 2010.

****Ms McPhee, Mr Morgan and Ms Nicholls were appointed to the Board on 26 February, 2010.

The qualifications and other details of each member of the Board are set out on pages 10-13 of this report.

Except for the Chief Executive Officer, Mr John B Fairfax and Mr Nicholas Fairfax, all Directors (including the Chair) are considered by the Board to be independent, non-executive Directors.

The Constitution requires that the Board has a minimum of 3 Directors and maximum of 12 or such lower number as the Board may determine from time to time. The Board has resolved that until the retirement of Mr JB Fairfax at the AGM on 11 November 2010 the maximum size of the Board will be 11. Upon the retirement of Mr Fairfax the maximum Board size will revert to 10.

The Constitution authorises the Board to appoint Directors to vacancies and to elect the Chair. One third of Directors (excluding the Chief Executive Officer and a Director appointed to fill a casual vacancy and rounded down to the nearest whole number) must retire at every annual general meeting. Other than the Chief Executive Officer, no Director may remain in office for more than three years or the third annual general meeting following appointment without resigning and being re-elected. Any Director appointed by the Board must stand for election at the next general meeting of shareholders.

Any Director may seek independent professional advice at the Company's expense. Prior approval by the Chair is required, but approval must not be unreasonably withheld.

The Board has a Nominations Committee which reviews potential Board candidates when necessary. The Committee is comprised of non-executive Directors, the majority of whom are independent. The Committee may seek expert external advice on suitable candidates.

The Board has adopted a formal Nominations Committee Charter. Under the Charter, the purpose of the Committee is to identify individuals qualified to become Board members and recommend them for nomination to the Board and its Committees; to ensure Board members' performance is reviewed regularly and to recommend changes from time to time to ensure the Board has an appropriate mix of skills and experience.

The Committee uses the following principles to recommend candidates and provide advice and other recommendations to the Board:

- A majority of the Directors and the Chair should be independent; and
- The Board should represent a broad range of expertise consistent with the Company's strategic focus.

Duties of the Nominations Committee include:

- making recommendations to the Board on the size and composition of the Board;
- identifying and recommending individuals qualified to be Board members, taking into account such factors as it deems appropriate;
- identifying Board members qualified to fill vacancies on the Committees;
- recommending the appropriate process for the evaluation of the performance of each director and the Board; and
- other duties delegated to it from time to time relating to nomination of Board or Committee members or corporate governance.

The Board conducts a review of its structure, composition and performance annually. The Board may seek external advice to assist in the review process.

INDEPENDENT DIRECTORS

Under the Board Charter, the majority of the Board and the Chair must be independent. A Director must notify the Company about any conflict of interest, potential material relationship with the Company or circumstance relevant to his/her independence.

Directors have determined that all Directors except the Chief Executive Officer, Mr John B Fairfax and Mr Nicholas Fairfax, are independent. In assessing whether a Director is independent, the Board has considered Directors' obligations to shareholders, the requirements of applicable laws and regulations, criteria set out in the Board Charter and the ASX Recommendations. The Board has not set specific materiality thresholds, considering it more effective to assess any relationship on its merits on a case-by-case basis, and where appropriate, with the assistance of external advice.

The ASX Recommendations, in summary, state that the Board should consider whether the Director:

- is a substantial shareholder or officer or associated with a substantial shareholder of the Company;
- was employed in an executive capacity by the Group within the last three years;
- within the last three years, was a principal of a material professional adviser or a material consultant or an employee materially associated with a service;
- is, or is associated with a material supplier or customer of the Group; and
- has a material contractual relationship with the Group other than as a Director.

Mr John B Fairfax has a relevant share interest of approximately 9.7% in the Company and Mr Nicholas Fairfax has a family relationship with Mr John B Fairfax. On this basis, the Board has concluded that, given the shareholding criteria in the ASX Recommendations, neither is an independent Director.

Although Mr Sam Morgan was employed as the CEO of Trade Me until January 2008, and as an advisory board member to Trade Me until March 2009, after consideration of all circumstances relevant to Mr Morgan's position, the Directors have determined that he is independent.

CODE OF CONDUCT

All Directors, managers and employees are required to act honestly and with integrity.

The Company has developed and communicated to all employees and Directors the Fairfax Code of Conduct. The Code assists in upholding ethical standards and conducting business in accordance with applicable laws. The Code also sets out the responsibility of individuals for reporting Code breaches.

The Fairfax Code of Conduct aims to:

- provide clear guidance on the Company's values and expectations while acting as a representative of Fairfax;
- promote minimum ethical behavioural standards and expectations across the Group, all business units and locations;
- offer guidance for shareholders, customers, readers, suppliers and the wider community on our values, standards and expectations, and what it means to work for Fairfax;
- raise employee awareness of acceptable and unacceptable behaviour and provide a means to assist in avoiding any real or perceived misconduct.

Supporting the Code of Conduct is the Company's range of guidelines and policies. These policies are posted on the Company intranet, are communicated to employees at the time of employment and are reinforced by training programs.

The Code of Conduct is a set of general principles relating to employment with Fairfax, covering the following areas:

- business integrity - conducting business with honesty, integrity and fairness; reporting concerns without fear of punishment; making public comments about the Company and disclosing real or potential conflicts of interest;
- professional practice - dealings in Fairfax shares; disclosing financial interests; protecting company assets and property; maintaining privacy and confidentiality; undertaking employment outside Fairfax; personal advantage, gifts and inducements, recruitment and selection; and company reporting;
- health, safety and environment;
- equal employment opportunity and anti-harassment;
- compliance with company policies; and
- implementation of and compliance with the Code of Conduct.

The Code of Conduct is to be read in conjunction with the codes of ethics for each masthead and the other Fairfax policies as amended from time to time.

AUDIT AND RISK COMMITTEE

The Board has had an Audit and Risk Committee since listing on the ASX in 1992. The Committee operates in accordance with a Charter which sets out its role and functions. In summary, the Committee's role is to advise and assist the Board on the establishment and maintenance of a framework of risk management, internal controls and ethical standards for the management of the Fairfax Group and to monitor the quality and reliability of financial information for the Group. To carry out this role, the Committee:

- recommends to the Board the appointment of the external auditor, reviews its performance, independence and effectiveness, approves the auditor's fee arrangements and enforces the Company's Charter of Audit Independence;
- ensures that appropriate systems of control are in place to effectively safeguard the value of assets;
- ensures accounting records are maintained in accordance with statutory and accounting requirements;
- monitors systems designed to ensure financial statements and other information provided to shareholders is timely, reliable and accurate;
- formulates policy for Board approval and oversees key finance and treasury functions;
- formulates and oversees an effective business risk plan;
- ensures appropriate policies and procedures are in place for compliance with all legal, regulatory and ASX requirements;
- monitors compliance with regulatory and ethical requirements;
- reviews the external audit process with the external auditor, including in the absence of management;
- reviews the performance of internal audit;
- reviews and approves the internal audit plan and receives summaries of significant reports by internal audit;
- meets with the Internal Audit Manager including in the absence of management if considered necessary; and
- does anything else it considers necessary to carry out the above functions.

Under its Charter, all members of the Committee must be non-executive Directors. Executives may attend by invitation. The Chair of the Committee is required to be independent and have relevant financial expertise and may not be the Chair of the Board. The members of the Audit and Risk Committee and details of their attendance at Committee meetings are set out on page 17. The Chair of the Committee may, at the Company's expense, obtain external advice, or obtain assistance and information from officers of the Group, or engage other support as reasonably required from time to time.

CHARTER OF AUDIT INDEPENDENCE

The Board has also adopted a Charter of Audit Independence. The purpose of this Charter is to provide a framework for the Board and management to ensure that the external auditor is both independent and seen to be independent. The purpose of an independent statutory audit is to provide shareholders with reliable and clear financial reports on which to base investment decisions. The Charter sets out key commitments by the Board and procedures to be followed by the Audit and Risk Committee and management aimed to set a proper framework of audit independence.

To promote audit quality and effective audit service by suitably qualified professionals, the Board ensures that the auditor is fairly rewarded for the agreed scope of the statutory audit and audit-related services. The auditor is required to have regular communications with the Committee, at times without management present. Audit personnel must be appropriately trained, meet the required technical standards and maintain confidentiality.

Restrictions are placed on non-audit work performed by the auditor. Non-audit fees above a fixed level may not be incurred without the approval of the Chair of the Audit and Risk Committee.

The Company requires the rotation of the lead audit partner and the independent review partner for the Company at least every five years. The Committee requires the auditor to confirm annually that it has complied with all professional regulations and guidelines issued by the Australian accounting profession relating to auditor independence. The auditor must also confirm that neither it nor its partners has any financial or material business interests in the Company outside of the supply of professional services.

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company has a Market Disclosure Policy which sets out requirements aimed to ensure full and timely disclosure to the market of material issues relating to the Group to ensure that all stakeholders have an equal opportunity to access information.

The Policy reflects the ASX Listing Rules and Corporations Act continuous disclosure requirements.

The Market Disclosure Policy requires that the Company notify the market, via the ASX, of any price sensitive information (subject to the exceptions to disclosure under the Listing Rules). Information is price sensitive if a reasonable person would expect the information to have a material effect on the price or value of the Company's securities or if the information would, or would be likely to, influence investors in deciding whether to buy, hold or sell Fairfax securities.

The Chief Executive Officer, Chief Financial Officer, General Manager Investor Relations and Group General Counsel/Company Secretary are designated as Disclosure Officers who are responsible for reviewing potential disclosures and deciding what information should be disclosed.

Only the Disclosure Officers may authorise communications on behalf of the Company to the ASX, media, analysts and investors. This safeguards the premature exposure of confidential information and aims to ensure proper disclosure is made in accordance with the law. ASX and press releases of a material nature must be approved by a Disclosure Officer.

The Disclosure Officers, in conjunction with the Chair of the Board are authorised to determine whether a trading halt will be requested from the ASX to prevent trading in an uninformed market.

The onus is on all staff to inform a Disclosure Officer of any price sensitive information as soon as becoming aware of it. The Executive Leadership Team is responsible for ensuring staff understand and comply with the policy.

As well as its Listing Rules and statutory reporting obligations, the Company actively encourages timely and ongoing shareholder communications.

To ensure ready access for shareholders to information about the Company, Company announcements, annual reports, analyst and investor briefings, financial results and other information useful to investors such as press releases are placed on the Company's website at www.fxj.com.au as soon as practical after their release to the ASX. Several years' worth of historical financial information is available on the website. The results briefings given to analysts by senior management are webcast on the website.

The full text of notices of meetings and the accompanying explanatory materials are posted on the website for each annual general meeting. The Chair's and the Chief Executive Officer's addresses, proxy counts and results of shareholder resolutions at the meeting are also posted on the website.

At the annual general meeting, shareholders are encouraged to ask questions and are given a reasonable opportunity to comment on matters relevant to the Company. The external auditor attends the annual general meeting and is available to answer shareholder questions about the audit and the audit report.

RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING

The Board oversees the development of a risk management and internal compliance and control system.

The system seeks to provide a consistent approach to identifying, assessing, and reporting risks, whether they are related to company performance, reputation, safety, environment, internal control, compliance or other risk areas.

Key aspects of the Company's risk management and internal compliance and control system are summarised as follows:

- Risks are assessed at least annually and revised periodically for each division through the business planning, budgeting, forecasting, reporting and performance management processes.
- The Board, through the Audit and Risk Committee, receives regular reports from management (and independent advisers where appropriate) on key risk areas such as treasury, health safety and environment, regulatory compliance, taxation, finance and internal audit and the effectiveness of the risk management system.
- The process for assessing and reporting on risks, internal controls and internal compliance is being enhanced and formalised across the Group. This is an ongoing process.
- Formal risk assessments are required as part of business case approvals for one-off projects or initiatives of a significant nature. Project teams are responsible for managing the risks identified.

- Under the direction of the Audit and Risk Committee, Internal Audit conducts a program of internal process control reviews over key areas, based on their importance to the Company, and provides assurance over the internal control assessments undertaken by management.

The Company's risk framework is overseen and monitored by both the Board and the Audit and Risk Committee.

As part of the risk framework, specific policies and approval processes have been developed to cover key risk areas such as material investments and contracts, treasury, capital expenditure approval, occupational health and safety and environmental processes.

The Company's Internal Audit function comprises the Internal Audit Managers and a team of professionals who work through a schedule of prioritised risk areas across all the major business units to provide an independent risk assessment and evaluation of operating and financial controls. The Internal Audit function is independent from the external auditor and the Internal Audit Managers may meet with the Audit and Risk Committee in the absence of management. Internal Audit reports its results to each meeting of the Audit and Risk Committee and the Internal Audit Managers attend the meetings.

The Board has received written assurances from the Chief Executive and the Chief Financial Officer that in their opinion:

(a) The financial statements and associated notes comply in all material respects with the accounting standards as required by the Corporations Act 2001.

(b) The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 27 June, 2010, and performance of the Company and consolidated entity for the period then ended as required by the Corporations Act 2001.

(c) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

(d) The financial records of the Company have been properly maintained in accordance with the Corporations Act 2001.

(e) The statements made above regarding the integrity of the financial statements are founded on a sound system of financial risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board.

(f) The risk management and internal compliance and control systems of the Company and consolidated entity relating to financial reporting compliance and operations objectives are operating efficiently and effectively, in all material respects. Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

(g) Subsequent to 27 June 2010, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal compliance and control systems of the Company and consolidated entity.

These statements to the Board are underpinned by the requirement for appropriate senior executives to provide a signed letter of representation addressed to the Chief Executive Officer and Chief Financial Officer verifying material issues relating to the executive's areas of responsibility and disclosing factors that may have a material effect on the financial results or operations of the Group.

REMUNERATION

Information about the Board's Personnel Policy and Remuneration Committee (PPRC), the PPRC Charter, the Company's remuneration policies for non-executive Directors and the remuneration of the CEO and senior executives is set out in the Remuneration Report beginning on page 20.

TRADING IN COMPANY SECURITIES

Directors must not trade directly or indirectly in Fairfax securities while in possession of price sensitive information. Price sensitive information is information which has not been made public, usually about the Group or its intentions, which a reasonable person would expect to have a material effect on the price or value of Fairfax securities or which would be likely to influence an investment decision in relation to the securities.

The Fairfax Securities Trading Policy regulates dealings by Directors and certain senior employees ("Designated People") in Fairfax securities (including shares, convertible notes derivatives, and options). The purpose of the Policy is to ensure that Designated People comply with the legal and company-imposed restrictions on trading in securities whilst in possession of unpublished price sensitive information. The Policy sets out blackout periods when no trading is to be undertaken and a process for authorisation of trading at other times. Designated People means the Directors, CEO, Company Secretary, those employees who report directly to the CEO and those employees who are notified that they are subject to the Policy.

A Designated Person must not trade in breach of the Policy either directly or indirectly through another entity, such as a partner, child, nominee or controlled company acting on his/her behalf. Under the Policy, Designated People are prohibited from trading in Fairfax securities without approval under the Policy or when in possession of price-sensitive information about Fairfax. In addition, Designated People must not tip anyone else on Fairfax securities, engage in short term speculative trading in Fairfax securities or trade in Fairfax derivatives.

Black-out periods occur before the announcement of the half-yearly and annual results, other trading updates and the annual general meeting. During black-out periods Designated People will not be authorised to trade. Before trading outside black-out periods, Directors must obtain approval from the Chair (or the chairman of the Audit and Risk Committee for approvals for the Chair to trade). Other Designated People must obtain approval from the Company Secretary who will consult with the Chair.

Each Director must notify the Company Secretary of any change in the Director's interest in Fairfax securities so as to ensure compliance with the disclosure requirements of the ASX Listing Rules.

The Policy prohibits Designated People from entering into any financial transactions that operate to limit the economic risk of unvested Fairfax securities which have been allocated to an employee as part of his/her remuneration, prior to the securities vesting. Any breach of this prohibition risks disciplinary sanctions.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRADING OVERVIEW

Economic conditions in the advertising markets in which we participate gradually improved during the year. The first half of the financial year saw our underlying revenues and earnings before interest and tax (EBIT) down on the corresponding period by 12.8% and 14.4% respectively although significantly improved over the immediately preceding six months to June 2009. Revenue and earnings continued to improve on a run rate basis in the six months to June 2010 with both revenue and EBIT up 6.0% and 47.5% respectively compared to the corresponding half of 2009. For the full year revenues were down 4.5% but EBIT increased 7.7%

Fixed costs represent a significant portion of a media publishing business cost base resulting in considerable operating leverage when revenue increases. This combined with the large number of initiatives undertaken over the past two years to further improve efficiencies within the business has seen a marked increase in the Company's operating margins. For the financial year our EBIT margin has improved from 18.7% in 2009 to 21.1%.

Advertising volumes in Australia and New Zealand followed similar patterns with second half volumes significantly higher than those of the first half. Volume growth in the second half was seen across the majority of advertising categories with real estate and employment showing the strongest increases.

A non-recurring tax charge of $8.4 million has been reported during the year relating to our New Zealand tax expense. A change was introduced to New Zealand tax legislation in May 2010 which had the impact of not allowing depreciation on existing and new buildings with an estimated useful life of 50 years or more with a consequential adjustment necessary to the carrying value of the company's deferred tax balances. There were no other significant and non-recurring items during the year compared to $622.4 million last year.

Including the non-recurring item, the net profit attributable to members of the Company was $282.1 million compared to a loss of $380.1 million last year. Basic earnings per share increased to 11.5 cents compared to a loss per share of 21.6 cents last year.

FINANCIAL POSITION

Cash inflow from operating activities increased 16.8% to $449.6 million. After taking into consideration capital expenditure of $80.4 million and dividend payments on ordinary shares and the Stapled Preference Shares of $41.8 million, the financial position of the Company improved considerably during the year as the strong cash flow was used to reduce the net debt position by $347.3 million. Net debt for covenant purposes was $1,435.0 million at year end and is well within all covenant limits.

As can be seen from the graph below, the differences between the total facilities line and the net debt line indicate the Company has adequate unutilised long term debt facilities, a further indication of the strength of the Balance Sheet and overall financial position of the Company.

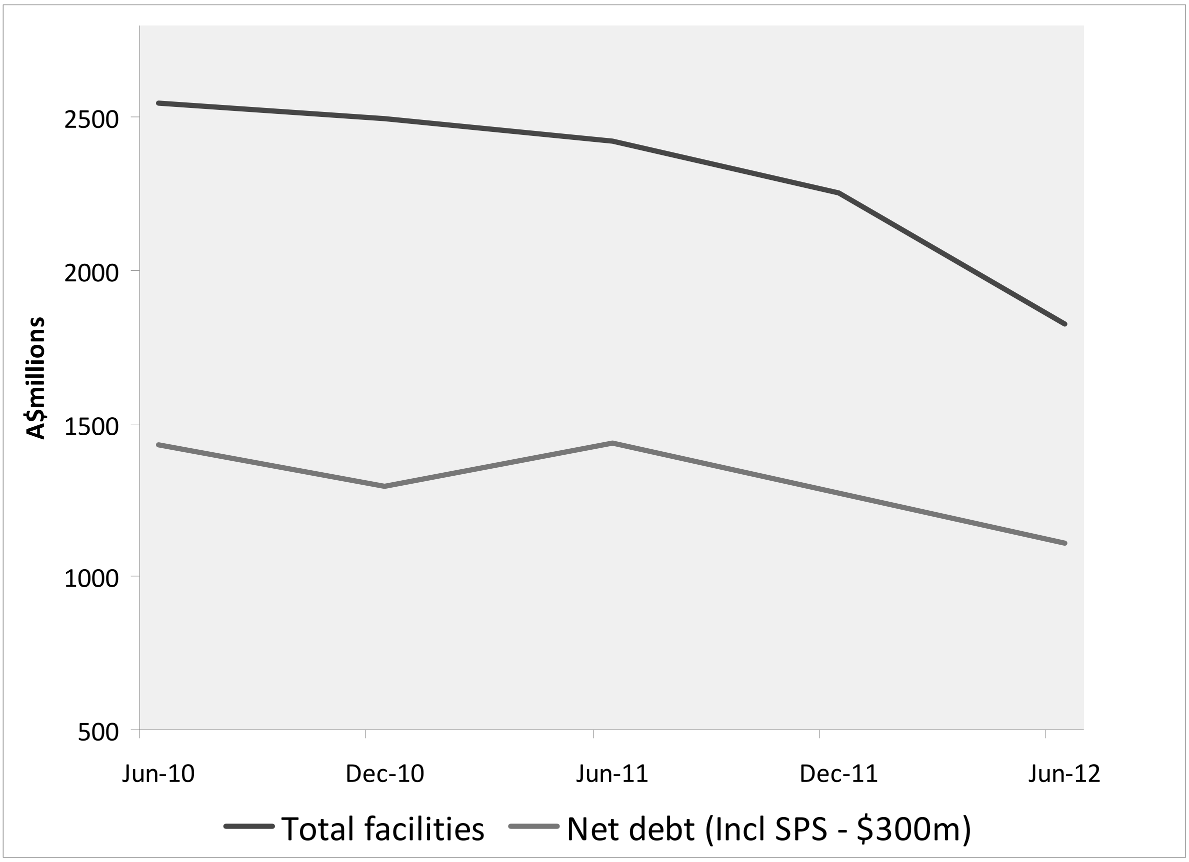
Also in 2011, the Company will need to decide what course of action it will take regarding the possible redemption of the $300 million in Stapled Preference Shares (SPS) it currently has on issue.

The reset date for the SPS is 30 April 2011 and the Company has three options. It can either:

- Redeem the securities at the $100 face value;
- Convert to ordinary shares at a 2.5% discount;
- Step up the coupon rate by 2.25% to 3.80%pa.

Based upon current estimates, the net debt/EBITDA ratio at the end of June 2011 will be approximately 1.6 times. Although redeeming the notes would increase this to approximately 2.0 times, still well within the company's targeted net debt to EBITDA range, it would avoid potential dilution of existing ordinary shareholders.

The directors will consider all options in early calendar 2011. Based upon our existing earnings profile, borrowing facilities, known capital expenditure requirements and current credit and equity markets trends, redemption is the most likely outcome.



DIVIDENDS

Following balance date, directors have declared a final dividend of 1.4 cents per ordinary share, fully franked taking the total dividends for the financial year on ordinary shares to 2.5 cents. The Dividend Reinvestment Plan will not be in operation for the payment of this dividend.

These dividend payments are in line with the Board Policy announced in December 2008 whereby the dividend payout ratio was decreased to approximately 20% until the company's trading performance and balance sheet position improved.

Dividends of $15.9 million were paid on the Stapled Preference Shares which was below the amounts paid in 2009. This variance was due to the lower interest rates experienced during the year.

CONSOLIDATED INCOME STATEMENTS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Revenue from operations	2(A)	**2,476,775**	2,599,132	**25**	152
Other revenue and income	2(B)	**13,541**	10,390	**40,125**	40,512
Total revenue and income		**2,490,316**	2,609,522	**40,150**	40,664
Share of net profits of associates and joint ventures	11(C)	**2,226**	2,050	**-**	-
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(1,839,107)**	(2,097,050)	**(35,353)**	(85,926)
Depreciation and amortisation	3(B)	**(113,623)**	(117,556)	**(3,439)**	(7,363)
Property, plant and equipment, intangible and investment impairment		**(6,436)**	(569,091)	**-**	(214,000)
Finance costs	3(C)	**(135,911)**	(179,291)	**(2)**	(2)
Net profit/(loss) from operations before income tax expense		**397,465**	(351,416)	**1,356**	(266,627)
Income tax (expense)/benefit	5	**(115,088)**	(29,672)	**(2,078)**	21,452
Net profit/(loss) from operations after income tax expense		**282,377**	(381,088)	**(722)**	(245,175)
Net profit/(loss) is attributable to:					
Non-controlling interest	25	**262**	(1,038)	**-**	-
Owners of the parent		**282,115**	(380,050)	**(722)**	(245,175)
		282,377	(381,088)	**(722)**	(245,175)
Earnings per share (cents per share)					
Basic earnings/(loss) per share (cents per share)	26	**11.5**	(21.6)		
Diluted earnings/(loss) per share (cents per share)	26	**11.0**	(21.6)		

The above Consolidated Income Statements should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Net profit/(loss) from operations after income tax expense	**282,377**	(381,088)	**(722)**	(245,175)
Other comprehensive income				
Changes in fair value of available for sale financial assets	**2,082**	833	**-**	-
Actuarial loss on defined benefit plans	**(986)**	(7,276)	**-**	-
Changes in fair value of cash flow hedges	**4,522**	(11,495)	**-**	-
Net investment hedges	**(4,272)**	(836)	**-**	-
Exchange differences on translation of foreign operations	**34,356**	27,048	**-**	-
Income tax on items of other comprehensive income	**(1,302)**	7,078	**-**	-
Other comprehensive income for the period, net of tax	**34,400**	15,352	**-**	-
Total comprehensive income for the period	**316,777**	(365,736)	**(722)**	(245,175)
Total comprehensive income is attributable to:				
Non-controlling interest	**262**	(1,038)	**-**	-
Owners of the parent	**316,515**	(364,698)	**(722)**	(245,175)
	316,777	(365,736)	**(722)**	(245,175)

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEETS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES AS AT 27 JUNE, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
CURRENT ASSETS					
Cash and cash equivalents	36(B)	**117,872**	69,124	**1,680**	1,680
Trade and other receivables	7	**390,375**	358,210	**1,674,217**	1,652,813
Inventories	8	**38,043**	40,055	**-**	-
Derivative assets	15	**-**	173	**-**	-
Assets held for sale	9	**5,257**	6,062	**-**	-
Held to maturity investments	10	**11,591**	-	**-**	-
Income tax receivable		**-**	35,978	**-**	25,829
Total current assets		**563,138**	509,602	**1,675,897**	1,680,322
NON-CURRENT ASSETS					
Receivables	7	**3,020**	2,474	**398,566**	398,566
Investments accounted for using the equity method	11	**43,585**	46,668	**-**	-
Available for sale investments	12	**4,239**	2,157	**-**	-
Held to maturity investments	10	**-**	13,216	**-**	-
Intangible assets	13	**5,942,781**	5,888,547	**2,318**	7,948
Property, plant and equipment	14	**778,621**	863,719	**658**	12,507
Derivative assets	15	**44,352**	152,742	**-**	-
Deferred tax assets	16(A)	**11,774**	7,338	**10,330**	839
Other financial assets	21	**2,575**	1,175	**2,924,215**	2,924,215
Total non-current assets		**6,830,947**	6,978,036	**3,336,087**	3,344,075
Total assets		**7,394,085**	7,487,638	**5,011,984**	5,024,397
CURRENT LIABILITIES					
Payables	17	**276,580**	300,479	**14,843**	14,946
Interest bearing liabilities	18	**269,672**	183,557	**-**	-
Derivative liabilities	15	**12,567**	26,757	**-**	-
Provisions	19	**109,948**	128,692	**3,626**	7,202
Current tax liabilities		**54,849**	2,454	**2,372**	-
Total current liabilities		**723,616**	641,939	**20,841**	22,148
NON-CURRENT LIABILITIES					
Interest bearing liabilities	18	**1,208,789**	1,724,708	**-**	-
Derivative liabilities	15	**85,093**	47,730	**-**	-
Deferred tax liabilities	16(A)	**16,374**	9,026	**-**	-
Provisions	19	**48,006**	49,003	**222**	401
Pension liabilities	20(A)	**4,800**	2,685	**-**	-
Other non-current liabilities		**669**	757	**-**	-
Total non-current liabilities		**1,363,731**	1,833,909	**222**	401
Total liabilities		**2,087,347**	2,475,848	**21,063**	22,549
NET ASSETS		**5,306,738**	5,011,790	**4,990,921**	5,001,848
EQUITY					
Contributed equity	22	**4,942,677**	4,928,122	**4,948,792**	4,934,237
Reserves	23	**(127,128)**	(163,381)	**5,099**	3,987
Retained profits	24	**481,978**	237,604	**37,030**	63,624
Total parent entity interest		**5,297,527**	5,002,345	**4,990,921**	5,001,848
Non-controlling interest	25	**9,211**	9,445	**-**	-
TOTAL EQUITY		**5,306,738**	5,011,790	**4,990,921**	5,001,848

The above Consolidated Balance Sheets should be read in conjunction with the accompanying Notes.

CONSOLIDATED CASH FLOW STATEMENTS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**2,661,927**	2,957,559	**-**	-
Payments to suppliers and employees (inclusive of GST)		**(2,089,172)**	(2,327,923)	**(29,020)**	(77,029)
Interest received		**7,968**	4,673	**40,125**	40,512
Dividends and distributions received		**2,730**	3,411	**-**	-
Finance costs paid		**(126,064)**	(182,962)	**(2)**	(2)
Net income taxes (paid)/received		**(7,770)**	(69,861)	**9,305**	4,180
Net cash inflow/(outflow) from operating activities	36(A)	**449,619**	384,897	**20,408**	(32,339)
Cash flows from investing activities					
Payment for purchase of controlled entities,					
associates and joint ventures (net of cash acquired)		**(7,447)**	(59,191)	**-**	-
Payment for purchase of businesses, including mastheads		**(1,574)**	(6,738)	**-**	-
Payment for property, plant, equipment and software		**(80,375)**	(106,284)	**(202)**	(409)
Proceeds from sale of property, plant and equipment		**8,845**	16,431	**16**	4
Proceeds from sale of investments and other assets		**6,554**	108,449	**-**	-
Payments for convertible notes		**(1,400)**	(1,100)	**-**	-
Loans advanced to controlled entities		**-**	-	**-**	(400,316)
Loans advanced to other parties		**-**	(17,056)	**-**	-
Loans advanced by controlled entities		**-**	-	**5,696**	-
Loans repaid by other parties		**15,308**	-	**-**	-
Net cash (outflow)/inflow from investing activities		**(60,089)**	(65,489)	**5,510**	(400,721)
Cash flows from financing activities					
Proceeds from issue of shares		**-**	624,640	**-**	624,640
Proceeds from issue of shares to non-controlling shareholders		**-**	80	**-**	-
Share issue costs		**(46)**	(12,131)	**(46)**	(12,131)
Payment for shares acquired by employee share trust		**-**	(12,443)	**-**	(12,443)
Proceeds from borrowings and other financial liabilities		**1,631**	22,511	**-**	-
Repayment of borrowings and other financial liabilities		**(300,076)**	(750,884)	**-**	-
Repayment of medium term notes		**-**	(27,132)	**-**	-
Payments of facility fees		**-**	(1,908)	**-**	-
Dividends and distributions paid to shareholders including SPS *		**(41,770)**	(191,012)	**(25,872)**	(166,006)
Dividends paid to non-controlling interests in subsidiaries		**(372)**	(461)	**-**	-
Net cash (outflow)/inflow from financing activities		**(340,633)**	(348,740)	**(25,918)**	434,060
Net increase/(decrease) in cash and cash equivalents held		**48,897**	(29,332)	**-**	1,000
Cash and cash equivalents at beginning of the financial year		**69,124**	93,864	**1,680**	680
Effect of exchange rate changes on cash and cash equivalents		**(149)**	4,592	**-**	-
Cash and cash equivalents at end of the financial year	36(B)	**117,872**	69,124	**1,680**	1,680

* Total cash dividends for the current year totalled $41.8 million (2009: $191.0 million); this includes $15.9 million (2009: $25.0 million) made to stapled preference shareholders (SPS). In the prior year under the terms of the DRP, $15.7 million of dividends were paid via the issue of 5,558,472 ordinary shares. A cash dividend payment of $166.0 million was made to ordinary shareholders that did not elect to participate in the DRP.

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
CONSOLIDATED						
Balance at 30 June 2008	4,318,409	(186,063)	821,987	4,954,333	11,001	4,965,334
Loss for the period	-	-	(380,050)	(380,050)	(1,038)	(381,088)
Other comprehensive income	-	20,445	(5,093)	15,352	-	15,352
Total comprehensive income for the period	-	20,445	(385,143)	(364,698)	(1,038)	(365,736)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(206,742)	(206,742)	-	(206,742)
Tax effect of SPS dividend	-	-	7,502	7,502	-	7,502
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(461)	(461)
Shares issued	624,640	-	-	624,640	-	624,640
Shares issued under dividend reinvestment plan	15,731	-	-	15,731	-	15,731
Shares acquired under employee incentive scheme	(12,444)	-	-	(12,444)	-	(12,444)
Transaction costs on share issue	(11,512)	-	-	(11,512)	-	(11,512)
Tax expense recognised directly in equity	(6,702)	-	-	(6,702)	-	(6,702)
Share based payments, net of tax	-	2,237	-	2,237	-	2,237
Disposal of subsidiary with non-controlling interest	-	-	-	-	(287)	(287)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	234	234
Exchange differences	-	-	-	-	(4)	(4)
Balance at 28 June 2009	4,928,122	(163,381)	237,604	5,002,345	9,445	5,011,790
Balance at 29 June 2009	4,928,122	(163,381)	237,604	5,002,345	9,445	5,011,790
Profit for the period	-	-	282,115	282,115	262	282,377
Other comprehensive income	-	35,141	(741)	34,400	-	34,400
Total comprehensive income for the period	-	35,141	281,374	316,515	262	316,777
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(41,770)	(41,770)	-	(41,770)
Tax effect of SPS dividend	-	-	4,770	4,770	-	4,770
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(496)	(496)
Transaction costs on share issue	(46)	-	-	(46)	-	(46)
Tax benefit/(expense) recognised directly in equity	14,601	(1,196)	-	13,405	-	13,405
Share based payments, net of tax	-	2,308	-	2,308	-	2,308
Balance at 27 June 2010	4,942,677	(127,128)	481,978	5,297,527	9,211	5,306,738

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
COMPANY						
Balance at 30 June 2008	4,324,524	1,750	490,535	4,816,809	-	4,816,809
Loss for the period	-	-	(245,175)	(245,175)	-	(245,175)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(245,175)	(245,175)	-	(245,175)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(181,736)	(181,736)	-	(181,736)
Shares issued	624,640	-	-	624,640	-	624,640
Shares issued under dividend reinvestment plan	15,731	-	-	15,731	-	15,731
Shares acquired under employee incentive scheme	(12,444)	-	-	(12,444)	-	(12,444)
Transaction costs on share issue	(11,512)	-	-	(11,512)	-	(11,512)
Tax expense recognised directly in equity	(6,702)	-	-	(6,702)	-	(6,702)
Share based payments, net of tax	-	2,237	-	2,237	-	2,237
Balance at 28 June 2009	4,934,237	3,987	63,624	5,001,848	-	5,001,848
Balance at 29 June 2009	4,934,237	3,987	63,624	5,001,848	-	5,001,848
Profit for the period	-	-	(722)	(722)	-	(722)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(722)	(722)	-	(722)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(25,872)	(25,872)	-	(25,872)
Transaction costs on share issue	(46)	-	-	(46)	-	(46)
Tax benefit/(expense) recognised directly in equity	14,601	(1,196)	-	13,405	-	13,405
Share based payments, net of tax	-	2,308	-	2,308	-	2,308
Balance at 27 June 2010	4,948,792	5,099	37,030	4,990,921	-	4,990,921

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying Notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of Fairfax Media Limited and its controlled entities.

The financial report is for the period 29 June 2009 to 27 June 2010 (2009: the period 30 June 2008 to 28 June 2009). Reference in this report to 'a year' is to the period ended 27 June 2010 or 28 June 2009 respectively, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authorative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

As at 27 June 2010, the consolidated entity has net current liabilities of $160.5 million. The consolidated entity has sufficient committed but unused facilities at the balance sheet date to finance its liabilities as and when they fall due, including maturing liabilities as disclosed in Note 18. In the opinion of the directors, Fairfax Media Limited will be able to continue to pay its debts as and when they fall due. As a result the financial report of the Company and its controlled entities has been prepared on a going concern basis.

Historical cost convention

These financial statements have been prepared on a going concern basis and on the basis of historical cost principles except for derivative financial instruments and certain financial assets which are measured at fair value. 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.

Presentation of financial statements

The revised accounting standard AASB 101 Presentation of Financial Statements which became effective for the annual reporting period commencing on 29 June 2009 resulted in a change in the Group's disclosures. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(B) PRINCIPLES OF CONSOLIDATION

(i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of the Company, Fairfax Media Limited, and its controlled entities. Fairfax Media Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Group (refer to Note 1(C)). All inter-entity transactions, balances and unrealised gains on transactions between Group entities have been eliminated in full.

Non-controlling interests in the earnings and equity of controlled entities are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates and joint ventures

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Associates are entities over which the Group has significant influence and are neither subsidiaries or joint ventures.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses are recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates and joint ventures are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in associates and joint ventures.

(C) ACCOUNTING FOR ACQUISITIONS

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the net identifiable assets acquired represents goodwill (refer to Note 1(E)(i)).

AASB 3 Business Combinations (revised) was implemented prospectively from 29 June 2009 by the Group. This revised standard continues to apply the acquisition method to business combinations but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as a liability and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

(D) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the grouping of assets at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

At each balance 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.

(E) INTANGIBLES

(i) Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is allocated to a reportable segment for the purposes of impairment testing (refer Note 1(D)). Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Mastheads and tradenames

The newspaper mastheads and tradenames have been assessed to have indefinite useful lives. Accordingly, they are not amortised, instead they are tested for impairment annually, or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

The Group's mastheads and tradenames operate in established markets with limited license conditions and are expected to continue to complement the Group's new media initiatives. On this basis, the directors have determined that mastheads and tradenames have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group.

Radio licences

Radio licences, being commercial radio licences held by the consolidated entity under the provisions of the Broadcasting Services Act 1992, have been assessed to have indefinite useful lives. Accordingly, they are not amortised, instead they are tested for impairment annually, or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

Websites

Internal and external costs directly incurred in the development of websites are capitalised and amortised using a straight-line method over two to four years. Capitalised website costs are reviewed annually for potential impairment.

Computer software

Acquired computer software licences are capitalised as an intangible as are internal and external costs directly incurred in the purchase or development of computer software, including subsequent upgrades and enhancements when it is probable that they will generate future economic benefits attributable to the consolidated entity. These costs are amortised using the straight-line method over three to five years.

Other

Other intangibles, where applicable, are stated at cost less accumulated amortisation and impairment losses. The useful lives of the intangible assets are assessed to be either finite or indefinite and are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Other intangible assets created within the business are not capitalised and are expensed in the income statement in the period the expenditure is incurred.

Intangible assets are tested for impairment annually (refer to Note 1(D)).

(F) FOREIGN CURRENCY

(i) Currency of presentation

All amounts are expressed in Australian dollars, which is the parent entity and consolidated entity's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation and qualifying cash flow hedges, which are deferred in equity until disposal. Tax charges and credits attributable to exchange differences on borrowings are also recognised in equity.

Translation differences on 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. Translation differences on non-monetary items, such as available for sale financial assets, are translated using the exchange rates at the date when the fair value was determined and included in the asset revaluation reserve in equity.

(iii) Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the borrowings designated as hedges of the net investment in foreign entities are taken directly to a separate component of equity, the net investment hedge reserve.

On disposal of a foreign entity, or when borrowings that form part of the net investment are repaid, the deferred cumulative amount of the exchange differences in the net investment hedge reserve relating to that foreign operation is recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(G) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured. Revenue from advertising, circulation, subscription, radio broadcasting and printing is recognised when control of the right to be compensated has been obtained and the stage of completion of the contract can be reliably measured. For newspapers, magazines and other publications the right to be compensated is on the publication date. Revenue from the provision of online advertising on websites is recognised in the period the advertisements are placed or the impression occurs. Amounts disclosed as revenue are net of commissions, rebates, discounts, returns, trade allowances, duties and taxes paid.

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Refer to Note 1(D).

The Group has changed its accounting policy for dividends paid out of pre-acquisition profits from 29 June 2009 when the revised AASB 127 Consolidated and Separate Financial Statements became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

Interest is recognised as it accrues, taking into account the effective yield on the financial asset.

(H) INCOME TAX AND OTHER TAXES

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses. Deferred tax assets and liabilities are recognised for 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; and
- 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; and
- 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.

The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable group and the same taxation authority.

Goods and Services Tax (GST)

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

(i) 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

(ii) receivables and payables are stated with the amount of GST included.

This net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cashflows are included in the cash flow statement on a gross basis and the GST component of cashflows arising from investing and financing activities, which are recoverable from, or payable to the taxation authority are classified as operating cashflows.

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

Tax consolidation - Australia

Fairfax Media Limited (the head entity) and its wholly-owned Australian entities have implemented the tax consolidation legislation as of 1 July 2003. The current and deferred tax amounts for each member in the tax consolidated group (except for the head entity) have been allocated based on stand-alone calculations that are modified to reflect membership of the tax consolidated group.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default of the head entity, Fairfax Media Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Fairfax Media Limited for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Fairfax Media Limited under the tax consolidation legislation. Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. The amounts receivable/payable under the tax funding arrangements are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions, applicable to the consolidated entity for the reporting period commencing 28 June 2010. The Group has yet to determine whether it will elect to apply the new legislation to all financial transactions existing at 28 June 2010. It would not expect a material impact on the deferred tax balances at 27 June 2010.

(l) LEASES

(i) Finance leases

Assets acquired under finance leases which result in the consolidated entity receiving substantially all the risks and rewards of ownership of the asset are capitalised at the lease's inception at the lower of the fair value of the leased property or the estimated present value of the minimum lease payments. The corresponding finance lease obligation, net of finance charges, is included within interest bearing liabilities. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the liability for each accounting period. The leased asset is included in property, plant and equipment and is depreciated over the shorter of the estimated useful life of the asset or the lease term.

(ii) Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in the income statement on a straight-line basis over the period of the lease.

(iii) Onerous property costs

Property leases are considered to be an onerous contract if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a decision has been made to vacate the premises or there is excess capacity and the lease is considered to be onerous, a provision is recorded.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term investments with original maturities of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

(K) TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost which is the original invoice amount less an allowance for any uncollectible amount. Collectability of trade receivables is reviewed on an ongoing basis and a provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts.

Interest receivable on related party loans is recognised on an accruals basis.

(L) INVENTORIES

Inventories including work in progress are stated at the lower of cost and net realisable value. The methods used to determine cost for the main items of inventory are:

- raw materials (comprising mainly newsprint and paper on hand) are assessed at average cost and newsprint and paper in transit by specific identification cost;
- finished goods and work-in-progress are assessed as the cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- in the case of other inventories, cost is assigned by the weighted average cost method.

(M) AVAILABLE FOR SALE INVESTMENTS

Available for sale financial assets are investments in listed equity securities in which the Group does not have significant influence or control. They are stated at fair value based on current quoted prices and unrealised gains and losses arising from changes in the fair value are recognised in the asset revaluation reserve. The assets are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at each reporting date.

The consolidated entity classifies and measures its investments as follows:

(i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit and loss on initial recognition. The policy of management is to designate a financial asset at fair value through profit and loss if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. These assets are measured at fair value and realised and unrealised gains and losses arising from changes in fair value are included in the income statement in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are included in receivables in the balance sheet and measured at amortised cost using the effective interest method.

(iii) Other financial assets

These assets are non-derivatives that are either designated or not classified in any of the other categories and measured at fair value. Any unrealised gains and losses arising from changes in fair value are included in equity, impairment losses are included in profit and loss. Investments in partnerships are carried at cost less impairment loss.

(iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These assets are measured at amortised cost using the effective interest method.

Financial assets other than derivatives are recognised at fair value or amortised cost in accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Where they are carried at fair value, gains and losses on remeasurement are recognised directly in equity unless the financial assets have been designated as being held at fair value through profit and loss, in which case the gains and losses are recognised directly in the income statement.

All financial liabilities other than derivatives are carried at amortised cost.

The Group uses derivative financial instruments such as forward foreign currency contracts, and foreign currency and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Derivatives, including those embedded in other contractual arrangements, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The measurement of 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.

Hedge accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges (hedges of the fair value of recognised assets or liabilities or a firm commitment) or cash flow hedges (hedges of highly probable forecast transactions).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. 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 within finance costs. 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.

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.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs. 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.

The consolidated entity's interest rate swaps and cross currency swaps held for hedging purposes are generally accounted for as cash flow hedges.

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 retained 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.

Derivatives that do not qualify for hedge accounting

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.

(O) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost less depreciation and where applicable an impairment provision. Directly attributable costs arising from the acquisition or construction of fixed assets, including internal labour and interest, are also capitalised as part of the cost.

Recoverable amount

All items of property, plant and equipment are reviewed annually to ensure carrying values are not in excess of recoverable amounts. Recoverable amounts are based upon the present value of expected future cashflows.

Depreciation and amortisation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	up to 60 years
Printing presses	up to 20 years
Other production equipment	up to 15 years
Other equipment	up to 40 years

The assets’ residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

(P) TRADE AND OTHER PAYABLES

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Loans payable to related parties are carried at amortised cost and interest payable is recognised on an accruals basis.

(Q) PROVISIONS

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to others as a result of past transactions, or past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

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

(R) INTEREST BEARING LIABILITIES

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Finance lease liabilities are determined in accordance with the requirements of AASB 117 Leases (refer to Note 1(l)).

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation or ancillary costs incurred in connection with arrangement of borrowings and foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate. There were no borrowing costs capitalised during either of the past two financial years.

(S) EMPLOYEE BENEFITS

(i) Wages, salaries, annual leave and long service leave

Current liabilities for wages and salaries, holiday pay, annual leave and long service leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled.

The employee benefit liability expected to be settled within twelve months from balance date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from balance date and are measured as the present value of expected future payments to be made in respect of services, employee departures and periods of service. Expected future payments are discounted using market yields at balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(ii) Share-based payment transactions

Share based compensation benefits can be provided to employees in the form of shares.

The cost of share based payments is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The market value of shares issued to employees for no cash consideration under the Long Term Incentive Share Plan is recognised as an employee benefits expense over the vesting period (refer to Note 32).

Shares purchased, but which have not yet vested to the employee as at reporting date are offset against contributed equity of the Group (refer to Note 1(T)).

(iii) Defined benefit superannuation plans
Fairfax Media Limited and certain controlled entities participate in a number of superannuation plans.

An asset or liability in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses), less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the balance date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Actuarial gains and losses are recognised in retained earnings in the periods in which they arise.

Contributions made by the Group to defined contribution superannuation funds are charged to the income statement in the period the employee's service is provided.

(iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(v) Bonus plans
The Group recognises a provision and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(T) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Stapled preference shares are classified as equity (refer Note 22(C)).

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a reduction from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments, e.g. under the Long Term Incentive Plan, those instruments are deducted from equity.

Debentures
Debentures have been included as equity as the rights attaching to them are in all material respects comparable to those attaching to the ordinary shares. Such debentures are unsecured non-voting securities that have interest entitlements equivalent to the dividend entitlements attaching to the ordinary voting shares and rank equally with such shares on any liquidation or winding up. These interest entitlements are treated as dividends.

The debentures are convertible into shares on a one-for-one basis at the option of the holder provided that conversion will not result in a breach of any of the following:

(i) any provision of the Foreign Acquisitions and Takeovers Act 1975;
(ii) any undertaking given by the Company to the Foreign Investment Review Board or at the request of the Foreign Investment Review Board from time to time; or
(iii) any other applicable law including, without limitation the Broadcasting Act 1942.

(U) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members, adjusted to exclude costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the basic EPS earnings adjusted by the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(V) SEGMENT REPORTING

The new accounting standard AASB 8 Operating Segments which became effective for the annual reporting period commencing on 29 June 2009 resulted in a change in the Group's segment disclosures. Adoption of this standard did not have any effect on the financial position or performance of the Group. The subsequent amendments to AASB 8 have been early adopted by the Group.

AASB 8 Operating Segments requires a 'management approach' under which the segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported Printing and Publishing segment has been disaggregated into the following segments:

- Australian Regional Media
- Metropolitan Media
- Specialist Media
- New Zealand Media
- Printing Operations

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers, being the Board of Directors, Chief Executive Officer and Chief Financial Officer.

Comparatives for prior reporting periods have been restated.

(W) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 financial year are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group tests annually whether goodwill and intangible assets with indefinite useful lives are impaired. This requires an estimation of the recoverable amount of the cash generating units (CGU) to which the goodwill and intangibles with indefinite useful lives are allocated.

Key assumptions subject to significant accounting judgement include growth rates, discount rates relevant to individual CGU groups and the growth rates beyond year three cash flows which form the basis of the terminal value. Management have created cash flows based on the annual budget which has been built up from individual profit centres. Anticipated growth rates applied to year two and three cash flows represent blended print and online growth projections determined by management from historical long averages and validated against market consensus on earnings projections to 2012. The terminal growth rate has been determined by taking a mid-point of the RBA inflation target range (2.0% - 3.0%) plus an allowance of 1.0% for real GDP/population growth (0.5% for radio, agriculture and printing).

The weighted average discount rates have been calculated using market observable data from Bloomberg and judgement has been exercised when considering premiums associated with unique CGU Groups. Inputs include a risk free rate of 5.3% and 2 year weekly beta.

The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are detailed in Note 13 along with a sensitivity analysis.

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo model, using the assumptions detailed in Note 32.

(iv) Defined benefit plans

Various actuarial assumptions are required when determining the Group's superannuation plan obligations. These assumptions and the related carrying amounts are discussed in Note 20.

(v) Held to maturity investments

The Group follows the AASB 139 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in AASB 139, it will be required to reclassify the whole class as available for sale. The investments would therefore be measured at fair value not amortised cost which would result in a corresponding entry in the fair value reserve in shareholders' equity. Furthermore, the entity would not be able to classify any financial assets as held to maturity for the following two financial years.

(X) ROUNDING OF AMOUNTS

The consolidated entity is of a kind referred to in Class Order 98/0100, as amended by Class Order 04/667, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in this report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(Y) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 27 June 2010 reporting periods. The Group and the Company's assessment of the impact of these new standards and interpretations is set out below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvement Project (AASB 5,8,101,117, 118, 136 & 139)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	1 January 2010	No major impact expected on the Group.	28 June 2010
AASB 2009-8	Group Cash-Settled Share-based payment transactions	The amendments clarify the accounting for group cash settled share based payment transactions. An entity that receives goods or services in a share based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction and no matter whether the transaction is settled in shares or cash.	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	28 June 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	No major impact expected on the Group.	28 June 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: - two categories for financial assets being amortised cost or fair value; - removal of the requirement to separate embedded derivatives in financial assets; - strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows; - an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition; - reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; - changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	No major impact expected on the Group.	27 June 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	No major impact expected on the Group.	28 June 2010

*designates the beginning of the applicable annual reporting period unless otherwise stated

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
2. Revenues				
(A) REVENUE FROM OPERATIONS				
Total revenue from sale of goods	**510,304**	521,319	**25**	152
Total revenue from services	**1,966,471**	2,077,813	**-**	-
Total revenue from operations	**2,476,775**	2,599,132	**25**	152
(B) OTHER REVENUE AND INCOME				
Interest income				
Wholly owned controlled entities	**-**	-	**40,102**	40,270
Other corporations	**7,943**	4,430	**23**	242
Dividend revenue	**12**	36	**-**	-
Gains on sale of property, plant and equipment	**1,217**	757	**-**	-
Other	**4,369**	5,167	**-**	-
Total other revenue and income	**13,541**	10,390	**40,125**	40,512
Total revenue and income	**2,490,316**	2,609,522	**40,150**	40,664

3. Expenses

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS				
Staff costs excluding staff redundancy costs	**842,320**	894,615	**17,493**	26,424
Staff redundancy costs	**5,076**	79,727	**-**	11,631
Newsprint and paper	**249,059**	265,161	**-**	-
Distribution costs *	**136,956**	127,702	**-**	-
Production costs *	**193,824**	242,608	**51**	70
Promotion and advertising costs	**106,626**	115,143	**136**	158
Rent and outgoings	**57,193**	68,115	**-**	3,989
Repairs and maintenance	**29,631**	32,139	**269**	2,051
Communication costs	**23,354**	25,209	**146**	1,931
Maintenance and other computer costs	**26,054**	22,316	**1,270**	7,005
Fringe benefits tax, travel and entertainment	**24,964**	30,030	**687**	1,126
Royalties and copyright payments	**767**	24,826	**-**	123
Professional fees	**31,896**	40,849	**4,389**	10,614
Transaction fees	**11,633**	11,609	**3,508**	3,576
Other	**99,754**	117,001	**7,404**	17,228
Total expenses before impairment, depreciation, amortisation, and finance costs	**1,839,107**	2,097,050	**35,353**	85,926
(B) DEPRECIATION AND AMORTISATION				
Depreciation of freehold property	**4,990**	5,199	**-**	-
Depreciation of plant and equipment	**76,337**	80,227	**409**	2,523
Amortisation of leasehold property/buildings	**2,959**	2,905	**54**	181
Amortisation of software	**26,077**	27,307	**2,976**	4,659
Amortisation of customer relationships	**3,260**	1,918	**-**	-
Total depreciation and amortisation	**113,623**	117,556	**3,439**	7,363
(C) FINANCE COSTS				
Finance costs				
External corporations/persons	**131,133**	174,503	**2**	2
Finance lease	**4,778**	4,788	**-**	-
Total finance costs	**135,911**	179,291	**2**	2
(D) DETAILED EXPENSE DISCLOSURES				
Operating lease rental expense	**37,579**	48,965	**-**	3,199
Defined contribution fund expense	**55,598**	58,222	**1,495**	2,439
Share-based payment expense	**3,297**	2,237	**3,297**	2,237
Net foreign exchange loss	**1,597**	2,152	**-**	-

* Distribution and production costs have been redefined and disclosed separately in the current period. Production costs includes printing, contributors, news services and other minor production expenses. Prior year comparatives have been restated.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000

4. Significant and non-recurring items

The profit after tax from operations includes the following items where disclosure is relevant in explaining the financial performance of the consolidated entity.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Property - Comprising:				
Onerous lease property costs	-	(8,857)	-	-
Income tax benefit	-	2,657	-	-
New Zealand income tax expense *	**(8,359)**	-	-	-
Property loss, net of tax	**(8,359)**	(6,200)	-	-
Intangible and investment impairments - Comprising:				
Impairment of mastheads, licences, goodwill and investments	-	(512,987)	-	(214,000)
Loss on sale of Southern Star Group	-	(38,721)	-	-
Income tax benefit	-	6,558	-	-
Intangibles and investment impairments, net of tax	-	(545,150)	-	(214,000)
Property, plant and equipment impairment and restructuring - Comprising:				
Impairment of property, plant and equipment	-	(23,228)	-	-
Restructuring and redundancy charges	-	(85,694)	-	-
Income tax benefit	-	32,668	-	-
Property, plant and equipment impairment and restructuring, net of tax	-	(76,254)	-	-
Gain on repurchase of medium term notes	-	5,167	-	-
Net significant and non-recurring items after income tax expense	**(8,359)**	(622,437)	-	(214,000)

* Non-recurring tax expense resulting from changes in the current year to the New Zealand tax legislation disallowing depreciation of buildings with an estimated useful life of 50 years or more. The change is applicable from the 2011-12 income year.

5. Income tax expense

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Income tax expense is reconciled to prima facie income tax payable as follows:				
Net profit/(loss) before income tax expense	**397,465**	(351,416)	**1,356**	(266,627)
Prima facie income tax at 30% (2009: 30%)	**119,240**	(105,425)	**407**	(79,988)
Tax effect of differences:				
Overseas tax rate and accounting differentials	**(21,072)**	(20,428)	**-**	-
Share of net (profits)/losses of associates and joint ventures	**(668)**	21	**-**	-
Capital gains taxable/(not taxable)	**-**	9,397	**-**	1,652
Non-assessable dividends	**(2)**	(9)	**-**	-
Under/(over) provision in prior financial years	**5,931**	(8,592)	**1,957**	(5,763)
Temporary differences not recognised on intangible and other asset write-offs	**318**	151,004	**-**	64,200
Non-deductible/(deductible) items	**2,781**	2,286	**474**	430
Non-deductible depreciation and amortisation	**17**	16	**-**	-
Intragroup provision transfers	**-**	-	**-**	(1,645)
New Zealand legislative changes to tax depreciation on buildings	**8,359**	-	**-**	-
Other	**184**	1,402	**(760)**	(338)
Income tax expense/(benefit)	**115,088**	29,672	**2,078**	(21,452)
Current income tax expense/(benefit)	**112,759**	21,473	**(9,370)**	(21,673)
Deferred income tax (benefit)/expense	**(3,602)**	16,791	**9,491**	5,984
Under/(over) provision in prior financial years	**5,931**	(8,592)	**1,957**	(5,763)
Income tax expense/(benefit) in the income statement	**115,088**	29,672	**2,078**	(21,452)

6. Dividends paid and proposed

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) ORDINARY SHARES				
Interim 2010 unfranked dividend: 1.1 cents - paid 19 March 2010 (2009: 75% franked 2 cents - paid 19 March 2009)	**25,872**	30,382	**25,872**	30,382
Final 2009 dividend: nil (2008: 75% franked 10 cents - paid 2 October 2008)	**-**	151,354	**-**	151,354
Total dividends paid - ordinary shares	**25,872**	181,736	**25,872**	181,736
(B) STAPLED PREFERENCE SHARES (SPS)				
SPS dividend:				
2010: $2.9010 per share - paid 30 April 2010	**8,877**	-	**-**	-
2010: $2.2946 per share - paid 30 October 2009	**7,021**	-	**-**	-
2009: $3.3580 per share - paid 30 April 2009	**-**	10,276	**-**	-
2009: $4.8138 per share - paid 31 October 2008	**-**	14,730	**-**	-
Total dividends paid - SPS	**15,898**	25,006	**-**	-
Total dividends paid	**41,770**	206,742	**25,872**	181,736

(C) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since balance date the directors have declared a final dividend of 1.4 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid on 23 September 2010 out of the retained profits at 27 June 2010, but not recognised as a liability at the end of the year is expected to be $32.9 million.

The unfranked portion of the dividend paid during the period is conduit foreign income.

	Company 2010 $'000	Company 2009 $'000
(D) FRANKED DIVIDENDS		
Franking account balance as at balance date at 30% (2009: 30%)	**4,095**	1,158
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial year	**47,277**	-
Total franking credits available for subsequent financial years based on a tax rate of 30%	**51,372**	1,158

On a tax-paid basis, the Company's franking account balance is approximately $4.1m (2009: $1.2 million). The impact on the franking account of the dividend declared by the directors since balance date will be a reduction in the franking account of approximately $14.1 million.

7. Receivables

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Current				
Trade debtors *	**358,099**	311,521	**-**	-
Provision for doubtful debts	**(9,627)**	(9,839)	**-**	-
	348,472	301,682	**-**	-
Loans to related parties **	**-**	-	**1,673,268**	1,651,230
Loans and deposits	**102**	15,936	**5**	21
Prepayments	**11,276**	11,264	**803**	1,236
Other	**30,525**	29,328	**141**	326
Total current receivables	**390,375**	358,210	**1,674,217**	1,652,813
Non-current				
Loans to related parties ***	**-**	-	**398,566**	398,566
Loans and deposits	**1,880**	2,189	**-**	-
Prepayments	**83**	-	**-**	-
Other	**1,057**	285	**-**	-
Total non-current receivables	**3,020**	2,474	**398,566**	398,566

* Trade debtors are non-interest bearing and are generally on 7 to 45 day terms

** Loans to related parties current are non-interest bearing and are repayable at call

*** Loans to related parties non-current are interest bearing deriving interest of 9.5% p.a. and are repayable on 27 June 2015, although this term may be extended upon mutual agreement of the parties

IMPAIRED TRADE DEBTORS

As at 27 June 2010, trade debtors of the Group with a nominal value of $9.6 million (2009: $9.8m) were impaired and fully provided for. Refer to Note 37(C) for the factors considered in determining whether trade debtors are impaired.

As at 27 June 2010, an analysis of trade debtors that are not considered as impaired is as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Company 2010 $'000	Company 2009 $'000
Not past due	**217,010**	158,656	**-**	-
Past due 0 - 30 days	**92,175**	115,251	**-**	-
Past due 31 - 60 days	**20,289**	14,246	**-**	-
Past 60 days	**18,998**	13,529	**-**	-
	348,472	301,682	**-**	-

Based on the credit history of these receivables, it is expected these amounts will be received. All other receivables do not contain impaired assets and are not past due.

Movements in the provision for doubtful debts are as follows:	Consolidated 2010 $'000	Consolidated 2009 $'000
Balance at the beginning of the financial year	**9,839**	9,515
Additional provisions	**9,400**	5,982
Utilised	**(9,640)**	(5,691)
Exchange differences	**28**	33
Balance at the end of the financial year	**9,627**	**9,839**

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000

8. Inventories

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Raw materials and stores - at net realisable value	**34,391**	37,019	**-**	-
Finished goods - at cost	**3,374**	2,962	**-**	-
Work in progress - at cost	**278**	74	**-**	-
Total inventories	**38,043**	40,055	**-**	-

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
9. Assets held for sale				
Freehold land and buildings	**5,257**	6,062	**-**	-
Total assets held for sale	**5,257**	6,062	**-**	-

Prior to 27 June 2010, a decision was taken to sell five properties in Australia and New Zealand. These properties have been reclassified to held for sale. On remeasure of the properties at the lower of carrying amount and fair value less costs to sell, an impairment charge of $1.4 million was recognised in the income statement against the assets. The properties are being actively marketed.

The two properties held at 28 June 2009 have been sold during the period.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
10. Held to maturity investments				
Current				
Bonds	**11,591**	-	**-**	-
Total current held to maturity investments	**11,591**	-	**-**	-
Non-current				
Bonds	**-**	13,216	**-**	-
Total non-current held to maturity investments	**-**	13,216	**-**	-

These annuity bonds have a face value of $20 million. The issuer has given notice that the bonds will be redeemed on 30 September 2010 and accordingly they have been reclassified from non-current to current.

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
11. Investments accounted for using the equity method					
Shares in associates	(A)(i)	**14,102**	14,819	**-**	-
Shares in joint ventures	(B)(i)	**29,483**	31,849	**-**	-
Total investments accounted for using the equity method		**43,585**	46,668	**-**	-

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 27 June 2010	Ownership interest 28 June 2009
Australian Associated Press Pty Ltd	News agency business and information service	Australia	47.0%	47.0%
Autobase Limited	E-commerce: online vehicle dealer automotive website	New Zealand	25.4%	25.4%
Digital Radio Broadcasting Melbourne Pty Ltd	Digital audio broadcasting	Australia	18.0%	18.0%
Digital Radio Broadcasting Perth Pty Ltd	Digital audio broadcasting	Australia	33.4%	33.4%
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25.0%	25.0%
Digital Radio Broadcasting Sydney Pty Ltd	Digital audio broadcasting	Australia	11.3%	11.3%
Earth Hour Limited	Environmental promotion	Australia	33.3%	33.3%
Executive Publishing Network Pty Ltd *	Magazine publishing	Australia	-	30.0%
Guardian Print Limited **	Printing facility	New Zealand	-	25.0%
Homebush Transmitters Pty Ltd	Rental of a transmission facility	Australia	50.0%	50.0%
Newspaper House Limited	Property ownership	New Zealand	45.5%	45.5%
New Zealand Press Association Ltd	News agency business and financial information service	New Zealand	49.2%	49.2%
NGA.net Pty Ltd	Provider of e-recruitment software to corporations	Australia	28.0%	30.0%
Perth FM Facilities Pty Ltd	Rental of a transmission facility	Australia	33.3%	33.3%
Times Newspapers Limited	Newspaper publishing	New Zealand	49.9%	49.9%

* The company was deregistered on 22 July 2009.

** Investment in associate was disposed of on 19 March 2010.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
(i) Carrying amount of investment in associates		
Balance at the beginning of the financial year	**14,819**	14,764
Investments in associates acquired during the year	**-**	477
Adjustment for foreign exchange revaluation	**8**	20
Share of associates' net profit/(loss) after income tax expense	**685**	(55)
Dividends received/receivable from associates	**(350)**	(387)
Impairment of investment in associate	**(1,060)**	-
Balance at end of the financial year	**14,102**	14,819
(ii) Share of associates' profits		
Profit/(loss) before income tax expense	**750**	(100)
Income tax (expense)/benefit	**(65)**	45
Net profit/(loss) after income tax expense	**685**	(55)
(iii) Share of associates' assets and liabilities		
Current assets	**15,357**	13,969
Non-current assets	**22,405**	23,633
Total assets	**37,762**	37,602
Current liabilities	**10,118**	9,894
Non-current liabilities	**3,123**	4,176
Total liabilities	**13,241**	14,070

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 27 June 2010	Ownership interest 28 June 2009
Advantate Pty Ltd *	E-commerce: Online marketing	Australia	-	50.0%
Columbia Press Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
The Columbia Group Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
Fermax Distribution Company Pty Ltd	Letterbox distribution of newspapers	Australia	50.0%	50.0%
Gilgandra Newspapers Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Gippsland Regional Partnership	Newspaper publishing and printing	Australia	50.0%	50.0%
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Online Marketing Group Pty Limited	E-commerce: Online marketing	Australia	48.0%	48.0%

* Investment in joint venture was disposed of on 13 May 2010.

** Investment in joint venture was disposed of on 2 November 2009.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
(i) Carrying amount of investment in joint ventures		
Balance at the beginning of the financial year	**31,849**	30,926
Share of joint ventures' net profit after income tax expense	**1,541**	2,105
Interests in joint venture acquired during the year	**421**	13,313
Dividends received/receivable from joint venture	**(2,368)**	(3,023)
Impairment of investment in joint venture	**(460)**	-
Investment in joint venture disposed during the year	**(1,500)**	(11,472)
Balance at end of the financial year	**29,483**	31,849
(ii) Share of joint ventures' profits		
Revenues	**13,869**	28,450
Expenses	**(12,156)**	(25,432)
Profit before income tax expense	**1,713**	3,018
Income tax expense	**(172)**	(913)
Net profit after income tax expense	**1,541**	2,105
(iii) Share of joint ventures' assets and liabilities		
Current assets	**5,141**	4,151
Non-current assets	**19,804**	18,720
Total assets	**24,945**	22,871
Current liabilities	**2,259**	2,491
Non-current liabilities	**1,720**	465
Total liabilities	**3,979**	2,956
(C) SHARE OF NET PROFITS OF ASSOCIATES AND JOINT VENTURES		
Profit before income tax expense	**2,463**	2,918
Income tax expense	**(237)**	(868)
Net profit after income tax expense	**2,226**	2,050

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
12. Available for sale investments				
Listed equity securities - at fair value	**4,239**	2,157	**-**	-
Total available for sale investments	**4,239**	2,157	**-**	-

Available for sale investments consist of investments in ordinary shares at fair value and have no fixed maturity date. During the prior year, an impairment charge of $2.2 million was recognised in the income statement in respect of several investments due to a significant decline in the share price of the investments.

13. Intangible assets

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Mastheads and tradenames	**3,366,633**	3,353,633	**-**	-
Software	**85,981**	61,726	**2,318**	7,948
Customer relationships	**11,631**	12,380	**-**	-
Radio licences	**132,217**	132,217	**-**	-
Goodwill	**2,346,319**	2,328,591	**-**	-
Total intangible assets	**5,942,781**	5,888,547	**2,318**	7,948

RECONCILIATIONS

Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial year are set out below:

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
(i) Consolidated							
At 29 June 2008							
Cost		146,245	17,103	3,722,121	188,748	2,554,392	6,628,609
Accumulated amortisation and impairment		-	(2,805)	(6,666)	(126,498)	-	(135,969)
Net carrying amount		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640
Period ended 28 June 2009							
Balance at beginning of the financial year		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640
Additions		27	-	662	26,345	-	27,034
Disposals		-	-	-	(4,298)	(93,692)	(97,990)
Acquisition of business combinations		10,406	-	1,723	4,651	(594)	16,186
Amortisation charge	3(B)	-	(1,918)	-	(27,307)	-	(29,225)
Impairment		(24,461)	-	(381,270)	-	(138,045)	(543,776)
Exchange differences		-	-	17,063	85	6,530	23,678
At 28 June 2009, net of accumulated amortisation and impairment		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547
At 28 June 2009							
Cost		156,678	17,103	3,732,273	211,432	2,435,308	6,552,794
Accumulated amortisation and impairment		(24,461)	(4,723)	(378,640)	(149,706)	(106,717)	(664,247)
Net carrying amount		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
Period ended 27 June 2010							
Balance at beginning of the financial year		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547
Additions		-	-	-	13,720	-	13,720
Capitalisations from works in progress	14	-	-	-	37,924	-	37,924
Disposals		-	-	-	(2,302)	(31)	(2,333)
Acquisition of business combinations		-	-	-	717	4,289	5,006
Amortisation charge	3(B)	-	(3,260)	-	(26,077)	-	(29,337)
Impairment		-	-	(89)	-	-	(89)
Transfer to other asset category		-	2,492	(3,400)	-	908	-
Exchange differences		-	19	16,489	273	12,562	29,343
At 27 June 2010, net of accumulated amortisation and impairment		132,217	11,631	3,366,633	85,981	2,346,319	5,942,781
At 27 June 2010							
Cost		156,678	19,614	3,745,362	242,066	2,453,036	6,616,756
Accumulated amortisation and impairment		(24,461)	(7,983)	(378,729)	(156,085)	(106,717)	(673,975)
Net carrying amount		132,217	11,631	3,366,633	85,981	2,346,319	5,942,781
(ii) Company							
At 29 June 2008							
Cost		-	-	-	53,392	-	53,392
Accumulated amortisation and impairment		-	-	-	(39,348)	-	(39,348)
Net carrying amount		-	-	-	14,044	-	14,044
Period ended 28 June 2009							
Balance at beginning of the financial year		-	-	-	14,044	-	14,044
Additions		-	-	-	576	-	576
Disposals		-	-	-	(4)	-	(4)
Amortisation charge	3(B)	-	-	-	(4,659)	-	(4,659)
Intercompany transfers		-	-	-	(2,009)	-	(2,009)
At 28 June 2009, net of accumulated amortisation and impairment		-	-	-	7,948	-	7,948
At 28 June 2009							
Cost		-	-	-	53,776	-	53,776
Accumulated amortisation and impairment		-	-	-	(45,828)	-	(45,828)
Net carrying amount		-	-	-	7,948	-	7,948

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
Period ended 27 June 2010							
Balance at beginning of the financial year		-	-	-	7,948	-	7,948
Additions		-	-	-	24	-	24
Capitalisations from works in progress	14	-	-	-	752	-	752
Amortisation charge	3(B)	-	-	-	(2,976)	-	(2,976)
Intercompany transfers		-	-	-	(3,430)	-	(3,430)
At 27 June 2010, net of accumulated amortisation and impairment		-	-	-	2,318	-	2,318
At 27 June 2010							
Cost		-	-	-	33,917	-	33,917
Accumulated amortisation and impairment		-	-	-	(31,599)	-	(31,599)
Net carrying amount		-	-	-	2,318	-	2,318

(iii) Impairment of cash generating units (CGU) including goodwill and indefinite life assets

Goodwill is allocated to CGU groups identified according to business segment and geographic regions. The recoverable amount of each CGU which includes goodwill or indefinite life intangibles has been reviewed.

The recoverable amount of each CGU is determined based on value-in-use calculations using a three year cash flow projection and a terminal value. These calculations use cash flow projections based on financial budgets approved by the Directors for the 2011 financial year, after an adjustment for central overheads. Cash flows beyond the 2011 period are extrapolated using the estimated growth rates stated at (v) below. The growth rates do not exceed the long-term average historical growth rate for the businesses in which the CGU operates.

(iv) Allocation of goodwill and non-amortising intangibles to CGUs

As a result of the adoption of AASB 8 Operating Segments, goodwill previously allocated to the Australian Printing and Publishing Grouping was reallocated across the new reportable media segments. A segment level summary of the goodwill and non-amortising intangibles allocation is presented below:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Allocation of goodwill to reportable segments		
Australian Regional Media	**434,891**	434,891
Metropolitan Media	**449,135**	454,939
Specialist Media	**145,842**	145,008
New Zealand Media	**9,932**	9,932
Online	**775,982**	753,271
Broadcasting	**173,185**	173,198
Printing Operations	**351,613**	351,613
Other	**5,739**	5,739
Total goodwill	**2,346,319**	2,328,591
Allocation of non-amortising intangibles to reportable segments		
Australian Regional Media	**1,082,339**	1,082,339
Metropolitan Media	**877,793**	877,793
Specialist Media	**519,258**	525,131
New Zealand Media	**852,054**	833,753
Online	**35,189**	34,617
Broadcasting	**132,217**	132,217
Total indefinite life intangibles	**3,498,850**	3,485,850
Total goodwill and indefinite life intangibles	**5,845,169**	5,814,441

No goodwill or indefinite life intangibles are allocated to a CGU group in the Company.

(v) Key assumptions used for value-in-use calculations

The key assumptions on which management based its cash flow projections when determining the value-in-use calculations of the CGUs are as follows:

- growth rates of 12% for Online, between 7.5% to 15% for Media CGUs, 5% for Printing and 7-7.5% for Broadcasting for years 1 to 3.
- the weighted average growth rates used were derived from internal forecasts.
- the budgeted exchange rate prevailing at balance date was used when converting foreign cash flows. An exchange rate of 1.25 was applied to New Zealand mastheads.
- the post-tax discount rates applied to the CGU Groups' cash flow projections was in the range 10.3%-13.1% producing a weighted average of 10.7% (2009: 9.8%).
- a terminal value of 3.5% was used for cash flows from year 4 onwards for all CGUs with the exception of Agricultural Publications, Print Operations and Broadcasting which were calculated at 3% (2009: 2.75% for all CGUs).

(vi) Impact of possible change in key assumptions

Holding all assumptions constant, if the discount rate applied to the cash flow projections was increased up by 0.25%, an aggregated impairment of $22.8 million would result in the Metropolitan Media, New Zealand Media and Broadcasting CGUs. If the rate was further increased by 0.5%, an aggregated impairment of $75.2 million would result across the Metropolitan Media, New Zealand Media and Broadcasting CGUs.

If a terminal value of 3% was consistently applied across all CGUs an impairment of $52.7 million would result in the Metropolitan Media and New Zealand Media CGU. Management does not consider that there are any other reasonably possible changes in any of the key assumptions which would cause the carrying amount of any of the CGU Groups to exceed its recoverable amount.

14. Property, plant and equipment

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Freehold land and buildings				
At cost	**271,799**	272,176	**-**	-
Provision for depreciation	**(31,442)**	(25,895)	**-**	-
Total freehold land and buildings	**240,357**	246,281	**-**	-
Leasehold buildings				
At cost	**100,306**	84,811	**256**	2,193
Provision for depreciation	**(22,205)**	(20,560)	**(256)**	(414)
Total leasehold buildings	**78,101**	64,251	**-**	1,779
Plant and equipment				
At cost	**1,115,740**	1,173,383	**17,416**	39,078
Provision for depreciation	**(664,580)**	(710,076)	**(16,988)**	(29,248)
Total plant and equipment	**451,160**	463,307	**428**	9,830
Capital works in progress - at cost	**9,003**	89,880	**230**	898
Total property, plant and equipment	**778,621**	863,719	**658**	12,507

RECONCILIATIONS

Reconciliations of the carrying amount of each class of property, plant and equipment during the financial year are set out below:

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
(i) Consolidated						
At 29 June 2008						
Cost		84,238	266,515	80,897	1,163,748	1,595,398
Accumulated depreciation and impairment		-	(22,228)	(18,325)	(679,664)	(720,217)
Net carrying amount		84,238	244,287	62,572	484,084	875,181
Period ended 28 June 2009						
Balance at beginning of financial year		84,238	244,287	62,572	484,084	875,181
Additions/capitalisations		6,194	10,440	6,248	81,572	104,454
Disposals		(402)	(478)	(1,732)	(2,449)	(5,061)
Acquisition of business combinations		-	2,703	442	1,823	4,968
Depreciation charge	3(B)	-	(5,199)	(2,905)	(80,227)	(88,331)
Assets classified as held for sale	9	-	(5,527)	-	-	(5,527)
Transfers to other asset categories		-	(235)	(392)	627	-
Impairment		-	(511)	-	(22,566)	(23,077)
Exchange differences		(150)	801	18	443	1,112
At 28 June 2009, net of accumulated depreciation and impairment		89,880	246,281	64,251	463,307	863,719

Following a review of recoverable amount based on a value in use assessment, an impairment charge of $22.6m was recorded against printing press assets at one of the Group's Australian production facilities during the prior year.

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
At 28 June 2009						
Cost		89,880	272,176	84,811	1,173,383	1,620,250
Accumulated depreciation and impairment		-	(25,895)	(20,560)	(710,076)	(756,531)
Net carrying amount		89,880	246,281	64,251	463,307	863,719
Period ended 27 June 2010						
Balance at beginning of financial year		89,880	246,281	64,251	463,307	863,719
Additions/capitalisations		(42,950)	5,189	19,755	67,200	49,194
Capitalisations to software	13	(37,924)	-	-	-	(37,924)
Disposals		-	(1,202)	(2,657)	(319)	(4,178)
Acquisition of business combinations		-	-	-	7	7
Depreciation charge	3(B)	-	(4,990)	(2,959)	(76,337)	(84,286)
Assets classified as held for sale	9	-	(5,257)	-	-	(5,257)
Impairment		-	(588)	(218)	(4,020)	(4,826)
Exchange differences		(3)	924	(71)	1,322	2,172
At 27 June 2010, net of accumulated depreciation and impairment		9,003	240,357	78,101	451,160	778,621

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
At 27 June 2010						
Cost		9,003	271,799	100,306	1,115,740	1,496,848
Accumulated depreciation and impairment		-	(31,442)	(22,205)	(664,580)	(718,227)
Net carrying amount		9,003	240,357	78,101	451,160	778,621
(ii) Company						
At 29 June 2008						
Cost		5,227	-	256	37,740	43,223
Accumulated depreciation and impairment		-	-	(116)	(26,268)	(26,384)
Net carrying amount		5,227	-	140	11,472	16,839
Period ended 28 June 2009						
Balance at beginning of financial year		5,227	-	140	11,472	16,839
Additions/capitalisations		(4,329)	-	2,591	1,571	(167)
Disposals		-	-	(634)	(197)	(831)
Depreciation charge	3(B)	-	-	(181)	(2,523)	(2,704)
Intercompany transfers		-	-	(137)	(493)	(630)
At 28 June 2009, net of accumulated depreciation and impairment		898	-	1,779	9,830	12,507
At 28 June 2009						
Cost		898	-	2,193	39,078	42,169
Accumulated depreciation and impairment		-	-	(414)	(29,248)	(29,662)
Net carrying amount		898	-	1,779	9,830	12,507
Period ended 27 June 2010						
Balance at beginning of financial year		898	-	1,779	9,830	12,507
Additions/capitalisations		84	-	-	94	178
Capitalisations to software	13	(752)	-	-	-	(752)
Disposals		-	-	-	(34)	(34)
Depreciation charge	3(B)	-	-	(54)	(409)	(463)
Intercompany transfers		-	-	(1,725)	(9,053)	(10,778)
At 27 June 2010, net of accumulated depreciation and impairment		230	-	-	428	658
At 27 June 2010						
Cost		230	-	256	17,416	17,902
Accumulated depreciation and impairment		-	-	(256)	(16,988)	(17,244)
Net carrying amount		230	-	-	428	658

15. Derivative financial instruments

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Current assets				
Forward contracts - cash flow hedges	**-**	173	**-**	-
Total current derivative assets	**-**	173	**-**	-
Non-current assets				
Cross currency swap - cash flow hedge	**101**	95,303	**-**	-
Cross currency swap - fair value hedge	**29,909**	38,677	**-**	-
Cross currency swap - net investment hedge	**14,342**	18,762	**-**	-
Total non-current derivative assets	**44,352**	152,742	**-**	-
Current liabilities				
Cross currency swap - cash flow hedge	**55**	26,007	**-**	-
Cross currency swap - fair value hedge	**12,512**	-	**-**	-
Share swap - fair value to profit and loss	**-**	486	**-**	-
Forward contracts - cash flow hedges	**-**	264	**-**	-
Total current derivative liabilities	**12,567**	26,757	**-**	-
Non-current liabilities				
Interest rate swap - cash flow hedge	**23,612**	29,605	**-**	-
Cross currency swap - fair value hedge	**24,453**	17,628	**-**	-
Cross currency swap - cash flow hedge	**37,028**	497	**-**	-
Total non-current derivative liabilities	**85,093**	47,730	**-**	-

The Group uses derivative financial instruments to reduce the exposure to fluctuations in interest rates and foreign currency rates.

The Group formally designates hedging instruments to an underlying exposure and details the risk management objectives and strategies for undertaking hedge transactions. The Group assesses at inception and on a semi-annual basis thereafter, as to whether the derivative financial instruments used in the hedging transactions are effective at offsetting the risks they are designed to hedge. Due to the high effectiveness between the hedging instrument and underlying exposure being hedged, value changes in the derivatives are generally offset by changes in the fair value or cash flows of the underlying exposure. Any derivatives not formally designated as part of a hedging relationship are fair valued with any changes in fair value recognised in the income statement.

The derivatives entered into are over-the-counter instruments within liquid markets.

(A) HEDGING ACTIVITIES

(i) Cash flow hedges - interest rate and cross currency swaps

At 27 June 2010, the Group held interest rate swaps and cross currency swaps designated as hedges of future contracted interest payments on the EUR denominated Eurobonds. The combined swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 27 June 2010, the notional principal amounts and period of expiry of the swaps are as follows:

	Maturity date	Interest rate 2010	2009
Pay fixed, receive floating - AUD$550m	15 June 2012	7.60%	7.60%

The swaps designated to cash flow hedges cover approximately 98% of the Eurobond principal outstanding, with the remaining 2% of the Eurobond hedges designated as fair value hedges. The contracts require settlement on interest receivable annually and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying Eurobond.

At 27 June 2010, the Group held cross currency swaps designated as hedges of future contracted interest payments on the USD denominated senior notes issued in July 2007. The cross currency swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 27 June 2010, the notional principal amounts and period of expiry of the swaps for each counterparty are as follows:

	Maturity date	Interest rate 2010	2009
Pay fixed, receive floating - AUD$59.5m	10 July 2017	7.52%	7.52%
Pay fixed, receive floating - AUD$59.5m	10 July 2017	7.46%	7.46%

The contracts require settlement on interest receivable semi annually and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying Senior Notes.

During the year, the Group held a cross currency swap designated as hedging the future contracted interest payments on the NZD denominated Redeemable Preference Shares (RPS) issued in May 2005. The cross currency swap was being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 28 June 2009, the notional principal amount and period of expiry of the swap were as follows:

	Maturity date	Interest rate 2010	2009
Pay fixed, receive floating - AUD$173.6m	15 June 2010	4.95%	4.95%

The contract requires settlement on interest receivable and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying RPS. The cross currency swap matured in June 2010, which coincided with the maturity of the RPS.

At 27 June 2010, the Group held an interest rate swap designated as hedging the future contracted interest payments on AUD denominated bank borrowings. The interest rate swap is being used to hedge future movements in interest rates.

At 27 June 2010, the notional principal amount and period of expiry of the swap are as follows:

	Maturity date	Interest rate 2010	2009
Pay fixed, receive floating - AUD$125m	12 October 2015	6.52%	6.52%

The contract requires settlement on interest receivable and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying AUD denominated bank borrowings.

At 27 June 2010, the above hedges were assessed to be highly effective with a combined unrealised gain in fair value of $4.0 million (2009: $6.4 million loss) recognised in equity for the period. During the period an unrealised loss of $3.3 million (2009: $2.0 million unrealised loss) was recognised in the income statement attributable to the ineffective portion of the cash flow hedges.

During the year an unrealised loss of $1.8 million was transferred from equity to the income statement (2009: $1.9 million unrealised loss).

(ii) Cash flow hedges - foreign exchange contracts

During the year, forward exchange contracts were used by the Group to hedge future foreign capital purchase commitments across the Australian and New Zealand business. The contracts are timed to mature as payments are scheduled to be made to suppliers. At 27 June 2010, the Group did not hold any forward exchange contracts.

At 28 June 2009, the details of the outstanding contracts were:

	2010 *	2009 *	Weighted average exchange rate	
	$'000	$'000	2010	2009
Buy USD/Sell AUD - Maturity 0 - 12 months	-	367	-	0.9038
Buy EUR/Sell AUD - Maturity 0 - 12 months	-	2,634	-	0.5238
Buy EUR/Sell NZD - Maturity 0 - 12 months	-	5,111	-	0.4647
Buy CHF/Sell NZD - Maturity 0 - 12 months	-	939	-	0.7322

* The amounts disclosed represent currency bought measured at the contracted rate.

The foreign currency contracts are considered to be fully effective hedges as they are matched against the highly probable foreign capital purchases with any gain or loss on the contracts taken directly to equity. When the contract is delivered, the Group will adjust the initial measurement of any component recognised on the balance sheet by the related amount deferred in equity.

At 28 June 2009, the hedges were assessed to be highly effective with a loss of $2.7 million recognised in equity for the period. The amount removed from equity and included in the initial measurement of capital purchases during the period to 28 June 2009 was a $1.0 million gain. The amount removed from equity and included in expenses from operations for the period was $2.1 million of losses.

(iii) Fair value hedges

At 27 June 2010, the Group held cross currency swap agreements designated to changes in the underlying value of USD denominated senior notes (refer to Note 18). The terms of certain cross currency swap agreements exchange USD obligations into AUD obligations and other agreements exchange USD obligations into NZD obligations. The latter are also designated to hedge value changes in the Group's New Zealand controlled entities (excluding Trade Me Limited), as discussed in Note (iv) below.

At 27 June 2010, the Group also held cross currency swap agreements partly designated to changes in the underlying value of the EUR denominated Eurobond (refer to Note 18). The terms of the cross currency swap exchange EUR obligations into AUD obligations. This swap has been 98% designated to a cash flow hedge, as discussed in (i) above.

At 27 June 2010, the cross currency swap agreements had a combined value of $7.1million (2009: $10.9 million).

The cross currency swaps are designated based on matched terms to the debt and also have the same maturity profile as the USD denominated senior notes and the EUR denominated Eurobonds.

The terms of these cross currency swaps are as follows:

	Maturity date
Pay floating AUD receive fixed USD - USD $50m	15 January 2011
Pay floating AUD receive fixed USD - USD $125m	10 July 2014
Pay floating AUD receive floating USD - USD $25m	10 July 2014
Pay floating NZD receive fixed USD - USD $40m	15 January 2019
Pay floating NZD receive fixed USD - USD $90m	15 January 2016
Pay floating NZD receive fixed USD - USD $50m	15 January 2014
Pay floating AUD receive fixed EUR - EUR $4m	15 June 2012

For the Group, the remeasurement of the hedged items resulted in a gain before tax of $32.3 million (2009: $101.5 million loss) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $33.4 million (2009: $103.6 million gain) resulting in a net loss before tax of $1.1 million (2009: $2.1 million gain) recorded in finance costs.

(iv) Net investment hedges

The NZD/USD cross currency swap agreements have also been designated to hedge the net investment in New Zealand controlled entities acquired as part of the acquisition of the business assets of Independent News Limited in June 2003.

At 27 June 2010, the hedges were assessed to be highly effective with an unrealised loss of $3.0 million (2009: $0.6 million loss) recognised in equity. During the current financial period there was an unrealised loss of $0.1 million (2009: $1.8 million) recognised in the income statement attributable to the ineffective portion of the net investment hedges.

16. Deferred tax assets and liabilities

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	27 June 2010	28 June 2009	27 June 2010	28 June 2009	27 June 2010	28 June 2009
	$'000	$'000	$'000	$'000	$'000	$'000
(i) Consolidated						
Property, plant and equipment	**4,551**	10,293	**27,374**	24,084	**(22,823)**	(13,791)
Inventories	**-**	-	**3,020**	2,788	**(3,020)**	(2,788)
Investments	**-**	-	**10,347**	10,498	**(10,347)**	(10,498)
Intangible assets	**6,567**	6,685	**41,935**	44,301	**(35,368)**	(37,616)
Other assets	**25,216**	23,831	**22,258**	24,187	**2,958**	(356)
Provisions	**48,993**	52,826	**-**	-	**48,993**	52,826
Payables	**9,504**	10,288	**-**	-	**9,504**	10,288
Other liabilities	**2,676**	3,255	**229**	53	**2,447**	3,202
Tax losses	**-**	1,510	**-**	-	**-**	1,510
Other	**4,147**	6,219	**1,091**	10,684	**3,056**	(4,465)
Gross deferred tax assets/liabilities	**101,654**	114,907	**106,254**	116,595	**(4,600)**	(1,688)
Set-off of deferred tax assets/liabilities	**(89,880)**	(107,569)	**(89,880)**	(107,569)	**-**	-
Net deferred tax assets/liabilities	**11,774**	7,338	**16,374**	9,026	**(4,600)**	(1,688)
(ii) Company						
Property, plant and equipment	**80**	-	**-**	2,771	**80**	(2,771)
Intangible assets	**6,567**	6,215	**-**	-	**6,567**	6,215
Other assets	**-**		**-**	-	**-**	-
Provisions	**1,166**	2,281	**-**	-	**1,166**	2,281
Payables	**2,909**	2,061	**-**	-	**2,909**	2,061
Other	**3**	149	**395**	7,096	**(392)**	(6,947)
Gross deferred tax assets/liabilities	**10,725**	10,706	**395**	9,867	**10,330**	839
Set-off of deferred tax assets/liabilities	**(395)**	(9,867)	**(395)**	(9,867)	**-**	-
Net deferred tax assets/liabilities	**10,330**	839	**-**	-	**10,330**	839

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

	Balance 28 June 2009	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 27 June 2010
(i) Consolidated						
Property, plant and equipment	(13,791)	-	(9,032)	-	-	**(22,823)**
Inventories	(2,788)	-	(232)	-	-	**(3,020)**
Investments	(10,498)	-	432	(281)	-	**(10,347)**
Intangible assets	(37,616)	-	2,247	-	-	**(35,369)**
Other assets	(356)	-	2,588	726	-	**2,958**
Provisions	52,826	-	(3,833)	-	-	**48,993**
Payables	10,288	-	(784)	-	-	**9,504**
Other liabilities	3,202	-	(754)	-	-	**2,448**
Tax losses	1,510	-	(1,510)	-	-	**-**
Other	(4,465)	-	7,276	245	-	**3,056**
	(1,688)	-	(3,602)	690	-	**(4,600)**
(ii) Company						
Property, plant and equipment	(2,771)	-	2,851	-	-	**80**
Intangible assets	6,215	-	352	-	-	**6,567**
Other financial assets	-	-	-	-	-	**-**
Provisions	2,281	-	(1,115)	-	-	**1,166**
Payables	2,061	-	848	-	-	**2,909**
Other	(6,947)	-	6,555	-	-	**(392)**
	839	-	9,491	-	-	**10,330**

	Balance 29 June 2008	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 28 June 2009
(i) Consolidated						
Property, plant and equipment	(19,202)	(1,474)	7,101	-	(216)	(13,791)
Inventories	(4,114)	-	1,326	-	-	(2,788)
Investments	(6,447)	-	(4,102)	-	51	(10,498)
Intangible assets	(38,847)	(2,117)	3,348	-	-	(37,616)
Other assets	(2,268)	17	(527)	2,379	43	(356)
Provisions	50,608	1,158	1,590	-	(530)	52,826
Payables	7,986	-	3,022	-	(720)	10,288
Other liabilities	2,634	-	568	-	-	3,202
Tax losses	18	-	1,492	-	-	1,510
Film production and distribution	(8,052)	409	234	-	7,409	-
Other	(2,686)	41	2,739	(4,559)	-	(4,465)
	(20,370)	(1,966)	16,791	(2,180)	6,037	(1,688)
(ii) Company						
Property, plant and equipment	(3,630)	-	859	-	-	(2,771)
Intangible assets	5,178	-	1,037	-	-	6,215
Other financial assets	(2)	-	2	-	-	-
Provisions	2,426	-	(145)	-	-	2,281
Payables	1,405	-	656	-	-	2,061
Other	(3,820)	-	3,575	(6,702)	-	(6,947)
	1,557	-	5,984	(6,702)	-	839

(C) TAX LOSSES AND FUTURE DEDUCTIBLE TEMPORARY DIFFERENCES

The Group has realised Australian capital losses for which no deferred tax asset is recognised on the balance sheet of $208,979,744 (2009: $210,696,066) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests.

The Group has deductible temporary differences for which no deferred tax asset is recognised on the balance sheet of $298,194,934 (2009: $298,538,825).

(D) UNRECOGNISED TEMPORARY DIFFERENCES

At 27 June 2010, there are no material unrecognised temporary differences associated with the Group's investments in associates or joint ventures, as the Group has no material liability for additional taxation should unremitted earnings be remitted (2009: Nil).

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
17. Payables				
Trade and other payables *	**188,489**	211,288	**14,843**	14,946
Interest payable	**18,944**	19,376	**-**	-
Income in advance	**69,147**	69,815	**-**	-
Total current payables	**276,580**	300,479	**14,843**	14,946

* Trade payables are non-interest bearing and are generally on 30 day terms

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
18. Interest bearing liabilities					
Current interest bearing liabilities - unsecured					
Finance lease liability	(D)	**3,579**	3,334	**-**	-
Other loans	(D)	**39,975**	10,072	**-**	-
Redeemable Preference Shares	(E)	**-**	147,978	**-**	-
Bank borrowings	(B)	**-**	22,173	**-**	-
Other loans					
Senior notes	(C)	**58,531**	-	**-**	-
Medium term notes	(F)	**167,587**	-	**-**	-
Total current interest bearing liabilities		**269,672**	183,557	**-**	-
Non-current interest bearing liabilities - unsecured					
Bank borrowings	(B)	**145,231**	237,706	**-**	-
Other loans					
Senior notes	(C)	**539,431**	638,371	**-**	-
Medium term notes	(F)	**-**	167,481	**-**	-
Eurobonds	(G)	**494,068**	607,537	**-**	-
Other	(D)	**11,634**	51,609	**-**	-
Finance lease liability	(D)	**18,425**	22,004	**-**	-
Total non-current interest bearing liabilities		**1,208,789**	1,724,708	**-**	-
Net debt for financial covenant purposes					
Cash and cash equivalents		**(117,872)**	(69,124)	**-**	-
Current interest bearing liabilities		**269,672**	183,557	**-**	-
Non-current interest bearing liabilities		**1,208,789**	1,724,708	**-**	-
Derivative financial instruments liabilities/(assets) *		**74,413**	(56,793)	**-**	-
Net debt for financial covenant purposes		**1,435,002**	1,782,348	**-**	-

* Debt hedging instruments as measured against the undiscounted contractual AUD cross currency swap obligations and therefore may not equate to the values disclosed in the balance sheet (inclusive of transaction costs).

(A) FINANCING ARRANGEMENTS

The Group net debt for financial covenant purposes, taking into account all debt related derivative financial instruments, was $1,435 million as at 27 June 2010 (2009: $1,782 million).

The Group has sufficient unused committed facilities at the balance sheet date to finance maturing current interest bearing liabilities.

The Group has a number of financing facilities which are guaranteed by Fairfax Media Limited and are covered by deeds of negative pledge.

(B) BANK BORROWINGS

Non-current

A NZ$50 million revolving committed cash advance facility is available to the Group until December 2011. At 27 June 2010, NZ$25.0 million was drawn down (2009: NZ$27.7 million).

A $1,200 million syndicated bank facility is available to the Group until periods ranging from April 2011 to April 2013. At 27 June 2010, $125 million was drawn (2009: $125 million). The interest rate for the drawings under this facility is the applicable bank bill rate plus a credit margin. On 2 July 2010, the Group extended the April 2011 tranche ($388 million) to April 2014 and reduced the amount by $96.4 million to $291.6 million. Total syndicated bank facilities subsequent to year end were $1,104 million.

(C) SENIOR NOTES

The Group issued Senior Notes in the US private placement market with a principal value of US$230 million (A$289.8 million) in January 2004 with a fixed coupon of between 4.74% p.a. and 5.85% p.a. payable semi-annually in arrears. The interest and principal on the Senior Notes are payable in US dollars and were swapped into floating rate New Zealand dollars and floating rate Australian dollars via cross-currency swaps. This issue of Senior Notes comprises maturities ranging from January 2011 to January 2019. The weighted average maturity of the issue is approximately 4.5 years. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

The Group issued further Senior Notes in the US private placement market with a principal value of US$250 million (A$308.2 million) in July 2007 comprising maturities ranging from July 2014 to July 2017. The weighted average maturity of this issue is approximately 5.1 years. The issued notes include fixed rate coupon notes, paying a weighted average coupon of 6.4% p.a. semi annually in arrears, and floating rate coupon notes. The interest and principal on the Senior Notes are payable in US dollars and were swapped into fixed and floating rate Australian dollars via cross-currency swaps. An additional 1.00% p.a. step up margin is payable on the coupons, effective from 10 July 2009, following a downgrade of the Group's credit rating during the period.

(D) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a maturity date of September 2015. There is a CPI indexed annuity loan with principal and interest outstanding of $36.6 million (2009: $41.3 million) and a finance lease of $22.0 million (2009: $25.3 million), which was entered into in February 1996. There is also principal and interest outstanding of $15.1 million (2009: $20.4 million) in the form of a fixed rate loan with an established drawdown and repayment schedule.

The CPI indexed annuity loan will be repaid in full on 30 September 2010 in accordance with the early redemption provisions and has been classified as current. The finance lease facility and fixed rate loan will continue to maturity in September 2015.

(E) REDEEMABLE PREFERENCE SHARES (RPS)

The Group issued Redeemable Preference Shares in New Zealand in May 2005 with a principal value of NZ$186.5 million (A$147.9 million) paying a fixed one year coupon of 3.97% p.a. payable quarterly in arrears. The Redeemable Preference Shares matured in June 2010. The interest and principal on the Redeemable Preference Shares were payable in New Zealand dollars and were swapped into fixed rate Australian dollars via a cross-currency swap. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis. The cross-currency swap matured in June 2010, which coincided with the maturity of the RPS.

(F) MEDIUM TERM NOTES (MTNs)

On 27 June 2006, the Group issued $200 million of MTNs with a maturity date of 27 June 2011. The MTNs were issued at a fixed coupon of 6.865% p.a. In May 2009, the Group repurchased and cancelled $32.3 million of the outstanding MTNs.

(G) EUROBONDS

On 15 June 2007 the Group issued €350 million guaranteed notes with a maturity date of 15 June 2012. The notes pay a fixed coupon of 6.25% p.a. payable annually in arrears (2009: 5.25%). The interest and principal on the notes are payable in Euro and were swapped into fixed rate Australian dollars via cross-currency swaps.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
19. Provisions				
Current				
Employee benefits	**101,558**	101,697	**3,626**	5,291
Defamation	**3,341**	4,927	**-**	-
Property	**599**	6,850	**-**	-
Consideration payable under earn out arrangement	**-**	4,357	**-**	-
Redundancy	**4,183**	10,590	**-**	1,911
Other	**267**	271	**-**	-
Total current provisions	**109,948**	128,692	**3,626**	7,202
Non-current				
Employee benefits	**12,812**	13,087	**222**	401
Property	**34,936**	35,435	**-**	-
Other	**258**	481	**-**	-
Total non-current provisions	**48,006**	49,003	**222**	401

RECONCILIATION

Reconciliations of the carrying amount of each class of provision, other than employee benefits, during the financial year are set out below:

	Consolidated Defamation 2010 $'000	Consolidated Property 2010 $'000	Consolidated Earn out 2010 $'000	Consolidated Redundancy 2010 $'000	Consolidated Other 2010 $'000	Company Redundancy 2010 $'000
Current						
Balance at beginning of the financial year	4,927	6,850	4,357	10,590	271	1,911
Additional provision	3,726	400	-	3,559	299	-
Utilised	(5,316)	(6,571)	(4,355)	(9,979)	(303)	(376)
Intercompany transfers	-	-	-	-	-	(1,535)
Exchange differences	4	(80)	(2)	13	-	-
Balance at end of the financial year	**3,341**	**599**	**-**	**4,183**	**267**	**-**
Non-current						
Balance at beginning of the financial year	-	35,435	-	-	481	-
Additional provision	-	2,448	-	-	-	-
Utilised	-	(2,926)	-	-	(223)	-
Exchange differences	-	(21)	-	-	-	-
Balance at end of the financial year	**-**	**34,936**	**-**	**-**	**258**	**-**

NATURE AND TIMING OF PROVISIONS

(i) Employee benefits

Provisions for employee benefits include liabilities for annual leave and long service leave and are measured at the amounts expected to be paid when the liabilities are settled, refer to Note 1(S)(i).

(ii) Defamation

From time to time, entities in the Group are sued for defamation and similar matters in the ordinary course of business. The defamation provision maintained is with respect to various insignificant matters across the Group. At the date of this report there were no legal actions against the consolidated entity that have not been adequately provided for or that are expected to have a material impact on the Group.

(iii) Property

The provision for property costs is in respect of make good provisions, deferred lease incentives and onerous lease provisions. The make good provisions and deferred lease incentives are amortised over the shorter of the term of the lease or the useful life of the assets, being up to 20 years.

(iv) Earn out

The provision for earn out related to amounts arising from acquisitions which were payable contingent on the achievement of specified financial performance criteria by the entity acquired.

(v) Redundancy

The provision is in respect of amounts payable in connection with redundancy and includes termination benefits, on-costs and outplacement services.

(vi) Other

Other provisions includes various other costs relating to the business.

20. Pension liabilities

SUPERANNUATION PLAN

The Group contributes to defined contribution and defined benefit plans which provide benefits to employees and their dependants on retirement, disability or death. All defined benefit plans are closed to new members.

The superannuation arrangements in Australia are managed in a sub-plan of the Mercer Super Trust, called FairfaxMedia Super. The Trustee of the Trust is Mercer Investment Nominees Limited. The superannuation arrangements in New Zealand are managed by AoN Consulting New Zealand Limited in three funds - Fairfax NZ Retirement Fund, Fairfax New Zealand Superannuation Fund and Fairfax NZ Senior Executive Superannuation Scheme. All New Zealand funds have defined contribution plans and the Fairfax NZ Retirement Fund has a defined benefit section.

The defined contribution plans receive fixed contributions from employees and from Group companies and the Group’s legally enforceable obligation is limited to these contributions. The defined benefit plans receive employee contributions plus Group company contributions at rates recommended by the plans’ actuaries.

The following sets out details in respect of the defined benefit plans only and in the case of the Fairfax NZ Retirement Fund, excludes $50.9 million (2009: $44.0 million) of defined contribution assets and entitlements.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) BALANCE SHEET				
The amounts recognised in the balance sheet are determined as follows:				
Present value of the defined benefit obligation	**(21,512)**	(20,560)	**-**	-
Fair value of defined benefit plan assets	**16,712**	17,875	**-**	-
Net pension liabilities	**(4,800)**	(2,685)	**-**	-
(B) RECONCILIATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION				
Balance at the beginning of the financial year	**20,560**	24,254	**-**	-
Current service cost	**954**	928	**-**	-
Interest cost	**944**	1,408	**-**	-
Contributions by employees	**23**	68	**-**	-
Actuarial losses/(gains)	**1,641**	(173)	**-**	-
Benefits paid	**(2,513)**	(66)	**-**	-
Taxes, premiums and expenses paid	**(106)**	(147)	**-**	-
Exchange differences on foreign plans	**9**	4	**-**	-
Curtailments	**-**	209	**-**	-
Settlements	**-**	(5,925)	**-**	-
Balance at the end of the financial year	**21,512**	20,560	**-**	-
(C) RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS				
Balance at the beginning of the financial year	**17,875**	29,796	**-**	-
Expected return on plan assets	**1,194**	2,012	**-**	-
Actuarial gains/(losses)	**657**	(7,425)	**-**	-
Contributions by Group companies and employees	**(408)**	(381)	**-**	-
Benefits paid	**(2,512)**	(66)	**-**	-
Taxes, premiums and expenses paid	**(106)**	(147)	**-**	-
Exchange differences on foreign plans	**12**	11	**-**	-
Settlements	**-**	(5,925)	**-**	-
Balance at the end of the financial year	**16,712**	17,875	**-**	-
(D) AMOUNTS RECOGNISED IN INCOME STATEMENT				
The amounts recognised in the income statement are as follows:				
Current service cost	**954**	928	**-**	-
Interest cost	**944**	1,408	**-**	-
Curtailments	**-**	209	**-**	-
Expected return on plan assets	**(1,194)**	(2,012)	**-**	-
Total included in employee benefits expense	**704**	533	**-**	-
Actual return on plan assets	**2,019**	(4,862)	**-**	-

(E) CATEGORIES OF PLAN ASSETS

The major categories of plan assets as a percentage of the fair value of the total defined benefit plan assets are as follows:

	Consolidated 27 June 2010 %	Consolidated 28 June 2009 %	Company 27 June 2010 %	Company 28 June 2009 %
Cash	**7**	7	**-**	-
Australian equities	**21**	22	**-**	-
Overseas equities	**31**	33	**-**	-
Fixed interest securities	**28**	24	**-**	-
Property	**8**	7	**-**	-
Other	**5**	7	**-**	-

(F) PRINCIPAL ACTUARIAL ASSUMPTIONS

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	Consolidated 2010 %	Consolidated 2009 %	Company 2010 %	Company 2009 %
Discount rate	**5.1**	4.7	**-**	-
Expected return on plan assets	**5.9**	6.3	**-**	-
Future salary increases	**4.0**	4.0	**-**	-

The expected rate of return on assets has been determined by weighting the expected long term return for each class by the target allocation of assets to each asset class. This resulted in a 5.9% p.a. rate of return, net of tax and expenses (2009: 6.3% p.a).

(G) EMPLOYER CONTRIBUTIONS

Employer contributions to the defined benefit section of the plans are based on recommendations by the plans' actuaries. Actuarial assessments are made at three yearly intervals and the last actuarial assessment of Fairfax Super was carried out as at 1 July 2008 by Mercer Human Resource Consulting Pty Ltd. The last actuarial assessments of Fairfax NZ Retirement Fund and Fairfax NZ Senior Executive Superannuation Scheme were carried out as at 1 April 2008 by AoN Consulting New Zealand Limited. Fairfax New Zealand Superannuation Fund is a defined contribution fund and does not require an actuarial assessment.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the aggregate funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their working lifetimes.

Total employer contributions expected to be paid by Group companies for the 2011 financial year are $784,000 (parent entity: nil)

(H) NET FINANCIAL POSITION OF PLAN

In accordance with AAS 25 Financial Reporting by Superannuation Plans the plans' net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as a surplus of $3.4 million at the most recent financial position of the plans, being 1 July 2008 for Australia and 1 April 2008 for New Zealand. As such, the assets of each of the plans are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee.

The directors, based on the advice of the trustees of the plan, are not aware of any changes in circumstances since the date of the most recent financial statements of the plans (1 July 2008 for Australia and 1 April 2008 for New Zealand), which would have a material impact on the overall financial position of the defined benefit plan.

(I) HISTORIC SUMMARY

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000
Defined benefit plan obligation	(19,424)	(20,048)	(24,254)	(20,560)	**(21,512)**
Plan assets	30,100	33,429	29,796	17,875	**16,712**
Surplus/(deficit)	10,676	13,381	5,542	(2,685)	**(4,800)**
Experience adjustments arising on plan liabilities	(2,152)	(2,032)	7,678	(1,513)	**1,551**
Experience adjustments arising on plan assets	(892)	(1,038)	(3,132)	6,283	**(756)**

21. Other financial assets

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Shares in controlled entities - at cost	**-**	-	**3,138,215**	3,138,215
Provision for diminution	**-**	-	**(214,000)**	(214,000)
	-	-	**2,924,215**	2,924,215
Shares in unlisted entities - at fair value	**2,575**	1,175	**-**	-
Total other financial assets	**2,575**	1,175	**2,924,215**	2,924,215

22. Contributed equity

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Ordinary Shares					
2,351,955,725 ordinary shares fully paid (2009: 2,351,955,725)	(A)	**4,667,944**	4,667,990	**4,667,944**	4,667,990
Unvested Employee Incentive Shares					
8,411,794 unvested employee incentive shares (2009: 8,411,794)	(B)	**(18,430)**	(33,031)	**(18,430)**	(33,031)
Stapled Preference Shares (SPS)					
3,000,000 stapled preference shares (2009: 3,000,000)	(C)	**293,163**	293,163	**299,278**	299,278
Debentures					
281 debentures fully paid (2009: 281)	(D)	*	*	*	*
Total contributed equity		**4,942,677**	4,928,122	**4,948,792**	4,934,237

* Amount is less than $1000

RECONCILIATIONS

Reconciliations of each class of contributed equity at the beginning and end of the current financial year are set out below:

	27 June 2010 No. of shares	28 June 2009 No. of shares	27 June 2010 $'000	28 June 2009 $'000
Consolidated				
(A) ORDINARY SHARES				
Balance at beginning of the financial year	**2,351,955,725**	1,513,544,248	**4,667,990**	4,039,131
Dividend reinvestment plan issue - 2 October 2008	**-**	5,558,472	**-**	15,731
Share issue - 13 March 2009 Institutional offer	**-**	668,373,549	**-**	501,280
Share issue - 6 April 2009 Retail offer	**-**	164,479,456	**-**	123,360
Share issue costs	**-**	-	**(46)**	(11,512)
Balance at end of the financial year	**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,990
(B) UNVESTED EMPLOYEE INCENTIVE SHARES				
Balance at beginning of the financial year	**8,411,794**	3,384,916	**(33,031)**	(13,885)
Share acquisition - 26 August 2008	**-**	3,900,084	**-**	(11,599)
Share acquisition - 27 March 2009	**-**	1,126,794	**-**	(845)
Tax benefit recognised directly in equity	**-**	-	**14,601**	(6,702)
Balance at end of the financial year	**8,411,794**	8,411,794	**(18,430)**	(33,031)
(C) STAPLED PREFERENCE SHARES (SPS)				
Balance at beginning of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
Balance at end of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
(D) DEBENTURES				
Balance at beginning of the financial year	**281**	281	*****	*
Balance at end of the financial year	**281**	281	*****	*
Total contributed equity			**4,942,677**	4,928,122

* Amount is less than $1000

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

(A) Ordinary Shares

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

Rights Issue

On 3 April 2009, the Company completed a 3 for 5 accelerated non-renounceable pro-rata entitlement offer, raising a total of $624.6 million. The Company used the proceeds of the entitlement offer to pay down a substantial part of a syndicated bank facility maturing in 2011 and 2012.

Dividend Reinvestment Plan

Fairfax Media Limited introduced a Dividend Reinvestment Plan (DRP) to eligible shareholders during the financial year ended 30 June 2004.

Under the terms of the DRP eligible shareholders are able to elect to reinvest their dividends in additional Fairfax shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the directors may elect to apply from time to time. During the financial year ended 27 June 2010, no ordinary shares (2009: 5,558,472 ordinary shares) were issued under the terms of the DRP.

(B) Unvested Employee Incentive Shares

Shares in Fairfax Media Limited are held by the Executive Employee Share Plan Trust for the purpose of issuing shares under the Long Term Incentive Plan. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

(C) Stapled Preference Shares (SPS)

The SPS (FXJPB), which was issued on 23 March 2006 for a face value of $100 per share, is a stapled security comprising a fully paid SPS Preference Share issued by the Company, Fairfax Media Limited and a fully paid unsecured note issued by Fairfax Group Finance New Zealand Limited, a wholly owned entity of the Company. Holders of the SPS are not entitled to vote.

Distribution payments are at the discretion of directors however distributions, in the form of interest on the notes, are expected to be paid semi-annually in arrears each April and October, and rank in preference to ordinary shareholders and equally with preference shareholders. The distribution rate is calculated as the sum of the six month bank bill swap rate and a margin. Distributions are non-cumulative. Total distribution payments in the year to SPS holders was $15,898,531 (2009: $25,005,709).

The SPS are perpetual however Fairfax has the right to redeem the SPS for cash, remarket the securities or exercise a 2.25% step-up margin, or convert the SPS into a variable number of ordinary shares from April 2011 or earlier in certain circumstances (an assignment event). In the event an assignment event occurs, the SPS are ‘unstapled’ and the unsecured notes assigned to a wholly owned Fairfax subsidiary. The SPS holders would continue to hold a listed SPS preference share issued by the Company and be entitled to discretionary dividends on the preference shares, which may be franked.

The two securities may not be traded separately prior to an assignment event and an assignment event does not itself give the Company the right to repurchase or convert the SPS. Holders are never entitled to both interest on the unsecured notes and dividends on the SPS preference shares at the same time.

(D) Debentures

Debenture holders terms and conditions are disclosed in Note 1(T).

23. Reserves

		Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Asset revaluation reserve, net of tax	(A)	**1,833**	32	**-**	-
Foreign currency translation reserve, net of tax	(B)	**(140,969)**	(173,662)	**-**	-
Cashflow hedge reserve, net of tax	(C)	**10,946**	7,286	**-**	-
Net investment hedge reserve, net of tax	(D)	**(4,037)**	(1,024)	**-**	-
Share-based payment reserve, net of tax	(E)	**5,099**	3,987	**5,099**	3,987
Total reserves		**(127,128)**	(163,381)	**5,099**	3,987
(A) Asset revaluation reserve					
Balance at beginning of the financial year		**32**	(801)	**-**	-
Revaluation of available for sale investments		**2,082**	(1,358)	**-**	-
Impairment losses transferred to net profit		**-**	2,191	**-**	-
Tax effect on available for sale investments		**(281)**	-	**-**	-
Balance at end of the financial year		**1,833**	32	**-**	-
(B) Foreign currency translation reserve					
Balance at beginning of the financial year		**(173,662)**	(201,881)	**-**	-
Transfer to loss on disposal		**-**	1,192	**-**	-
Net exchange differences on currency translation, net of tax		**32,693**	27,027	**-**	-
Balance at end of the financial year		**(140,969)**	(173,662)	**-**	-
(C) Cashflow hedge reserve					
Balance at beginning of the financial year		**7,286**	15,307	**-**	-
Effective portion of changes in value of cashflow hedges		**4,522**	(11,495)	**-**	-
Tax effect of net changes on cashflow hedges		**(862)**	3,474	**-**	-
Balance at end of the financial year		**10,946**	7,286	**-**	-
(D) Net investment hedge reserve					
Balance at beginning of the financial year		**(1,024)**	(438)	**-**	-
Effective portion of changes in value of net investment hedges		**(4,272)**	(836)	**-**	-
Tax effect on net investment hedges		**1,259**	250	**-**	-
Balance at end of the financial year		**(4,037)**	(1,024)	**-**	-
(E) Share-based payment reserve					
Balance at beginning of the financial year		**3,987**	1,750	**3,987**	1,750
Share-based payment expense		**3,297**	2,237	**3,297**	2,237
Tax effect on share-based payment expense		**(989)**	-	**(989)**	-
Tax expense recognised directly in reserve		**(1,196)**	-	**(1,196)**	-
Balance at end of the financial year		**5,099**	3,987	**5,099**	3,987

NATURE AND PURPOSE OF RESERVES

(A) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. From 1 July 2004, changes in the fair value of investments classified as available for sale investments are recognised in the asset revaluation reserve, as described in Note 1(M).

(B) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities, as described in Note 1(F).

(C) Cashflow hedge reserve

The hedging reserve is used to record the portion of gains and losses on a hedging instrument in a cash flow hedge that is determined to be an effective hedge, as described in Note 1(N). Refer to further disclosures at Note 15.

(D) Net investment hedge reserve

The net investment hedge reserve is used to record gains and losses on a hedging instruments in a fair value hedge, as described in Note 1(F). Refer to further disclosures at Note 15.

(E) Share-based payment reserve

The share-based payments reserve is used to recognise the fair value of shares issued but not vested and transfers to fund the acquisition of Share Trust shares, as described in Note 1(S)(ii).

24. Retained profits

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Balance at beginning of the financial year		**237,604**	821,987	**63,624**	490,535
Net profit/(loss) for the financial year		**282,115**	(380,050)	**(722)**	(245,175)
Actuarial loss on defined benefit plans, net of tax		**(741)**	(5,093)	**-**	-
Tax benefits recognised directly in equity		**4,770**	7,502	**-**	-
Total available for appropriation		**523,748**	444,346	**62,902**	245,360
Dividends paid	6	**(41,770)**	(206,742)	**(25,872)**	(181,736)
Balance at end of the financial year		**481,978**	237,604	**37,030**	63,624

25. Non-controlling interest

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Interest in:				
Contributed equity	**1,783**	1,783	**-**	-
Reserves	**7,679**	7,679	**-**	-
Retained profits	**(251)**	(17)	**-**	-
Balance at end of the financial year	**9,211**	9,445	**-**	-
RECONCILIATION				
Balance at beginning of the financial year	**9,445**	11,001	**-**	-
Acquisition of controlled entities	**-**	234	**-**	-
Disposal of controlled entities	**-**	(287)	**-**	-
Share of profit/(loss) for the period	**262**	(1,038)	**-**	-
Distribution to non-controlling interest	**(496)**	(461)	**-**	-
Exchange differences	**-**	(4)	**-**	-
Balance at end of the financial year	**9,211**	9,445	**-**	-

26. Earnings per share

	Consolidated 27 June 2010 ¢ per share	Consolidated 28 June 2009 ¢ per share
Basic earnings/(loss) per share		
After significant and non-recurring items less SPS dividend (net of tax)	**11.5**	(21.6)
Diluted earnings/(loss) per share		
After significant and non-recurring items (net of tax)	**11.0**	(21.6)

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Earnings reconciliation - basic		
Net profit/(loss) attributable to members of the Company	**282,115**	(380,050)
Less Dividends on SPS (net of tax)	**(11,780)**	(15,683)
Basic earnings/(loss) after significant and non-recurring items less SPS dividend	**270,335**	(395,733)
Earnings reconciliation - diluted		
Net profit/(loss) attributable to members of the Company	**282,115**	(380,050)

	Consolidated 27 June 2010 Number '000	Consolidated 28 June 2009 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,351,956**	1,832,788
SPS	**212,128**	247,889
Weighted average number of ordinary shares used in calculating diluted EPS	**2,564,084**	2,080,677

27. Commitments

OPERATING LEASE COMMITMENTS - GROUP AS LESSEE

The Group has entered into commercial leases on office and warehouse premises, motor vehicles and office equipment.

Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year	**43,238**	44,019	**74**	147
Later than one year and not later than five years	**129,939**	132,345	**-**	74
Later than five years	**313,970**	332,860	**-**	-
Total operating lease commitments	**487,147**	509,224	**74**	221

The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

These non-cancellable leases have remaining terms of between five and twenty years. All property leases include a clause to enable upward revision of rental charge on an annual basis according to prevailing market conditions.

FINANCE LEASE COMMITMENTS - GROUP AS LESSEE

The Group has a finance lease for property, plant and machinery with a carrying amount of $31.3m (2009: $32.5m). The lease has an average lease term of five years (2009: six years) and a weighted average interest rate of 13.4% (2009: 13.4%). Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year		**5,076**	5,076	**-**	-
Later than one year and not later than five years		**20,303**	20,304	**-**	-
Later than five years		**1,269**	6,345	**-**	-
Minimum lease payments		**26,648**	31,725	**-**	-
Less future finance charges		**(4,644)**	(6,387)	**-**	-
Total finance lease liability		**22,004**	25,338	**-**	-
Classified as:					
Current interest bearing liabilities		**3,579**	3,334	**-**	-
Non-current interest bearing liabilities		**18,425**	22,004	**-**	-
Total finance lease liability	18(D)	**22,004**	25,338	**-**	-

CONTINGENT RENTALS UNDER FINANCE LEASE

A component of the finance lease payments are contingent on movements in the consumer price index. At balance date, the contingent rent payable over the remaining lease term of 5 years is $23.4 million (2009: $25.5 million).

CAPITAL COMMITMENTS

At 27 June 2010, the Group has commitments principally relating to the purchase of property, plant and equipment. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year	**7,772**	12,645	**-**	-
Later than one year and not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
Total capital commitments	**7,772**	12,645	**-**	-

28. Contingencies

GUARANTEES

Under the terms of ASIC Class Order 98/1418 (as amended), the Company and certain controlled entities (refer Note 29), have guaranteed any deficiency of funds if any entity to the class order is wound-up. No such deficiency exists at balance date.

DEFAMATION

From time to time, entities in the Group are sued for defamation and similar matters in the ordinary course of business.
At the date of this report, there were no legal actions against the consolidated entity, other than those recognised at Note 19, that are expected to result in a material impact.

29. Controlled entities

The following entities were controlled as at the end of the financial year:

	Notes	Country of Incorporation	Ownership interest 2010 %	2009 %
Fairfax Media Limited	(a)	Australia		
CONTROLLED ENTITIES				
5AU Broadcasters Proprietary Limited	(a)	Australia	100	100
ACN 074 162 888 Pty Ltd (in Liq)		Australia	100	100
ACN 083 365 799 Pty Ltd (in Liq)		Australia	100	100
ACN 101 806 302 Pty Ltd	(a)	Australia	100	100
Agricultural Publishers Pty Limited	(a)	Australia	100	100
Associated Newspapers Ltd	(a)	Australia	100	100
Australian Property Monitors Pty Limited	(a)	Australia	100	100
Border Mail Printing Pty Ltd	(a)	Australia	100	100
Bridge Printing Office Pty Limited	(a)	Australia	100	100
Bundaberg Broadcasters Pty Ltd	(a)	Australia	100	100
Bundaberg Narrowcasters Pty Ltd		Australia	100	100
Canweb Printing Pty Limited	(c)	Australia	-	100
Carpentaria Newspapers Pty Ltd	(a)	Australia	100	100
Central Districts Field Days Limited		New Zealand	100	100
Commerce Australia Pty Ltd		Australia	75	75
Communication Associates Limited		New Zealand	100	100
Constellar Press & Printing Pty Limited	(c)	Australia	-	100
Country Publishers Pty Ltd	(a)	Australia	100	100
CountryCars.com.au Pty Ltd	(a)	Australia	100	100
Creative House Publications Pty Ltd		Australia	60	60
Cudgegong Newspapers Pty Ltd		Australia	100	100
David Syme & Co Pty Limited	(a)	Australia	100	100
Debt Retrieval Agency Limited		New Zealand	100	100
Digital Radio Australia Pty Limited		Australia	100	100
Esperance Holdings Pty Ltd (in Liq)		Australia	100	100
Examiner Properties Pty Ltd	(a)	Australia	100	100
F@rming Online Pty Ltd (in Liq)		Australia	100	100
Fairfax Business Media (South Asia) Pte Limited		Singapore	100	100
Fairfax Business Media Pte Limited		Singapore	100	100
Fairfax Business Media Sdn. Bhd.		Malaysia	100	100
Fairfax Business Publications (Hong Kong) Ltd	(c)	Hong Kong	-	100
Fairfax Community Network Limited	(a)	Australia	100	100
Fairfax Community Newspapers Pty Limited	(a)	Australia	100	100
Fairfax Corporation Pty Limited	(a)	Australia	100	100
Fairfax Digital Australia & New Zealand Pty Ltd	(a)	Australia	100	100
Fairfax Digital Limited	(a)	Australia	100	100
Fairfax EEC Limited	(c)	United Kingdom	-	100
Fairfax Group Finance New Zealand Limited		New Zealand	100	100
Fairfax Media (UK) Limited		United Kingdom	100	100
Fairfax Media Group Finance Pty Limited	(a)	Australia	100	100
Fairfax Media Management Pty Limited	(a)	Australia	100	100
Fairfax Media Publications Pty Limited	(a)	Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2010 %	Ownership interest 2009 %
CONTROLLED ENTITIES				
Fairfax New Zealand Finance Limited		Australia	100	100
Fairfax New Zealand Holdings Limited		New Zealand	100	100
Fairfax New Zealand Limited		New Zealand	100	100
Fairfax News Network Pty Limited	(a)	Australia	100	100
Fairfax Print Holdings Pty Limited	(a)	Australia	100	100
Fairfax Printers Pty Limited	(a)	Australia	100	100
Fairfax Radio Network Pty Limited	(a)	Australia	100	100
Fairfax Radio Syndication Pty Limited	(a)	Australia	100	100
Fairfax Regional Printers Pty Limited	(a)	Australia	100	100
Fantasports Australia Pty Ltd (in Liq)		Australia	100	100
Farm Progress Companies, Inc		United States	100	100
Farm Progress Holding Co, Inc		United States	100	100
Farm Progress Insurance Services, Inc		United States	100	100
Financial Essentials Pty Ltd	(a)	Australia	100	100
Find a Babysitter Pty Limited	(a) (b)	Australia	100	-
Go East Furniture Company Pty Ltd	(a)	Australia	100	100
Golden Mail Pty Limited		Australia	66	66
Harris and Company Pty Limited	(a)	Australia	100	100
Harris Enterprises Pty Ltd	(a)	Australia	100	100
Harris Print Pty Ltd	(a)	Australia	100	100
Harris Publications Pty Ltd (in Liq)		Australia	100	100
Hunter Distribution Network Pty Ltd	(a)	Australia	100	100
Illawarra Newspaper Holdings Pty Ltd	(a)	Australia	100	100
Indiana Prairie Farmer Insurance Services, Inc		United States	100	100
InvestSMART Financial Services Pty Ltd		Australia	100	100
InvestSMART Limited	(c)	New Zealand	-	100
J&R Graphics Pty Limited	(c)	Australia	-	100
John Fairfax & Sons Ltd	(a)	Australia	100	100
John Fairfax (US) Limited		United States	100	100
John Fairfax Limited	(a)	Australia	100	100
Lanson Investments Pty Ltd	(a)	Australia	100	100
Large Publications Pty Ltd	(c)	Australia	-	79
Leeton Newspapers Pty Ltd	(a)	Australia	100	100
Lime Digital Pty Limited	(a)	Australia	100	100
Macleay Valley Happynings Pty Ltd	(c)	Australia	-	100
Mayas Pty Ltd		Australia	100	100
Mayas Unit Trust		Australia	100	100
Media Investments Pty Ltd	(a)	Australia	100	100
Melbourne Community Newspapers Pty Ltd (in Liq)		Australia	100	100
Merredin Advertiser Pty Ltd (in Liq)		Australia	100	100
Metropolis Media Pty Ltd	(c)	Australia	-	100
Micosh Pty Ltd	(a)	Australia	100	100
Miller Publishing Co, Inc		United States	100	100
Milton Ulladulla Publishing Co. Pty Ltd		Australia	60	60
Mistcue Pty Limited		Australia	65	65
Mountain Press Pty Ltd		Australia	88	88
NE Investments Pty Ltd	(c)	Australia	-	100
Newcastle Newspapers Pty Ltd	(a)	Australia	100	100

			Ownership interest	
		Country of	2010	2009
	Notes	Incorporation	%	%
CONTROLLED ENTITIES				
North Australian News Pty Ltd	(a)	Australia	100	100
Northern Newspapers Pty Ltd	(a)	Australia	100	100
NZ Rural Press Limited		New Zealand	100	100
Old Friends Limited		New Zealand	100	100
Online Services International Limited		New Zealand	100	100
Online Travel Limited	(c)	New Zealand	-	100
OSF Australia Pty Limited		Australia	100	100
Oxford Scientific Films Limited		United Kingdom	100	100
Personal Investment Direct Access Pty Limited		Australia	100	100
Port Lincoln Times Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Trust		Australia	100	100
Pro-Ag Pty Ltd	(c)	Australia	-	100
Queensland Community Newspapers Pty Limited	(a)	Australia	100	100
Radio 1278 Melbourne Pty Limited	(a)	Australia	100	100
Radio 2UE Sydney Pty Ltd	(a)	Australia	100	100
Radio 3AW Melbourne Pty Limited	(a)	Australia	100	100
Radio 4BC Brisbane Pty Limited	(a)	Australia	100	100
Radio 4BH Brisbane Pty Limited	(a)	Australia	100	100
Radio 6PR Perth Pty Limited	(a)	Australia	100	100
Radio 96FM Perth Pty Limited	(a)	Australia	100	100
Red Rock Software Limited	(c)	New Zealand	-	100
Regional Press Australia Pty Limited		Australia	100	50
Regional Printers Pty Limited	(a)	Australia	100	100
Regional Publishers (Tasmania) Pty Ltd	(a)	Australia	100	100
Regional Publishers (Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers (Western Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers Pty Ltd	(a)	Australia	100	100
Riverina Newspapers (Griffith) Pty Ltd	(a)	Australia	100	100
RP Interactive Pty Ltd (in Liq)		Australia	100	100
RPL Technology Pty Limited	(c)	Australia	-	100
RSVP.com.au Pty Limited	(a)	Australia	100	100
Rural Press (North Queensland) Pty Limited (in Liq)		Australia	100	100
Rural Press (USA) Limited		United States	100	100
Rural Press Ltd	(a)	Australia	100	100
Rural Press Printing (Victoria) Pty Limited	(a)	Australia	100	100
Rural Press Printing Pty Limited	(a)	Australia	100	100
Rural Press Queensland Pty Ltd	(a)	Australia	100	100
Rural Press Regional Media (WA) Pty Limited	(a)	Australia	100	100
Rural Press Share Plan Pty Limited (in Liq)		Australia	100	100
Rural Press USA Inc		United States	100	100
Rural Publishers Pty Limited	(a)	Australia	100	100
Southern Weekly Partnership		Australia	51	51
S.A. Regional Media Pty Limited	(a)	Australia	100	100
Satellite Interactive Marketing Pty Limited (in Liq)		Australia	100	100
Satellite Music Australia Pty Limited	(a)	Australia	100	100
Snowy Mountains Publications Pty Ltd	(c)	Australia	-	100
Stayz Limited		New Zealand	100	100

	Notes	Country of Incorporation	Ownership interest 2010 %	2009 %
CONTROLLED ENTITIES				
Stayz Pty Limited	(a)	Australia	100	100
Stock Journal Publishers Pty Ltd	(a)	Australia	100	100
Suzannenic Pty Limited	(a)	Australia	100	100
The Advocate Newspaper Proprietary Limited	(a)	Australia	100	100
The Age Company Ltd	(a)	Australia	100	100
The Age Print Company Pty Ltd	(a)	Australia	100	100
The Barossa News Pty Limited	(a)	Australia	100	100
The Border Morning Mail Limited	(a)	Australia	100	100
The Border News Partnership		Australia	63	63
The Examiner Newspaper Pty Ltd	(a)	Australia	100	100
The Federal Capital Press of Australia Pty Limited	(a)	Australia	100	100
The Independent News Pty Ltd	(a)	Australia	100	100
The Murrumbidgee Irrigator Pty Ltd	(a)	Australia	100	100
The Printing Press Pty Limited (in Liq)		Australia	100	100
The Queanbeyan Age Proprietary Limited	(c)	Australia	-	100
TheVine.com.au Pty Ltd		Australia	70	70
The Wagga Daily Advertiser Pty Ltd	(a)	Australia	100	100
The Warrnambool Standard Pty Ltd	(a)	Australia	100	100
The Weather Company Pty Limited		Australia	75	75
Tofua Holdings Pty Ltd	(c)	Australia	-	100
Trade Me Limited		New Zealand	100	100
Tricom Group Pty Ltd	(a)	Australia	100	100
Trade Me Travel Trustees Limited	(d)	New Zealand	100	100
West Australian Rural Media Pty Ltd	(a)	Australia	100	100
Western Australian Primary Industry Press Pty Ltd	(a)	Australia	100	100
Western Magazine Pty Ltd		Australia	75	75
Western Magazine Settlement Trust		Australia	75	75
Whyalla News Properties Pty Ltd	(a)	Australia	100	100
Winbourne Pty Limited	(a)	Australia	100	100

(a) The Company and the controlled entities incorporated within Australia are party to Class Order 98/1418 (as amended) issued by the Australian Securities & Investment Commission. These entities have entered into a Deed of Cross Guarantee dated June 2007 (as varied from time to time) under which each entity guarantees the debts of the others. These companies represent a 'Closed Group' for the purposes of the Class Order and there are no other members of the 'Extended Closed Group'. Under the Class Order, these entities have been relieved from the requirements of the Corporations Act 2001 with regard to the preparation, audit and publication of accounts.

(b) Acquired on 1 December 2009.

(c) These entities were liquidated or amalgamated and subsequently deregistered during the financial year.

(d) This company was formerly called Vianet Trustee Limited.

DEED OF CROSS GUARANTEE

Fairfax Media Limited and certain wholly-owned entities (the “Closed Group”) identified at (a) above are parties to a Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended). Pursuant to the requirements of that Class Order, a summarised consolidated income statement for the period ended 27 June 2010 and consolidated balance sheet as at 27 June 2010, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

(A) BALANCE SHEET

	27 June 2010 $'000	28 June 2009 $'000
Current assets		
Cash and cash equivalents	**59,430**	24,592
Trade and other receivables	**310,909**	289,321
Inventories	**32,502**	35,466
Derivative assets	**-**	46
Held to maturity investments	**11,591**	-
Assets held for sale	**3,176**	5,527
Income tax receivable	**-**	35,978
Total current assets	**417,608**	390,930
Non-current assets		
Receivables	**720,233**	576,037
Investments accounted for using the equity method	**42,734**	44,947
Available for sale investments	**4,239**	2,157
Held to maturity investments	**-**	13,216
Intangible assets	**3,962,668**	4,003,600
Property, plant and equipment	**663,629**	706,638
Derivative assets	**28,065**	130,392
Deferred tax assets	**23,604**	7,266
Other financial assets	**1,397,236**	1,144,266
Total non-current assets	**6,842,408**	6,628,519
Total assets	**7,260,016**	7,019,449
Current liabilities		
Payables	**205,777**	221,662
Interest bearing liabilities	**269,672**	12,259
Derivative liabilities	**12,567**	26,757
Provisions	**96,874**	114,073
Current tax liabilities	**43,425**	1,274
Total current liabilities	**628,315**	376,025

	27 June 2010 $'000	28 June 2009 $'000
Non-current liabilities		
Interest bearing liabilities	**1,194,713**	1,427,075
Derivative liabilities	**85,093**	47,729
Provisions	**45,864**	47,040
Pension liabilities	**4,779**	2,154
Total non-current liabilities	**1,330,449**	1,523,998
Total liabilities	**1,958,764**	1,900,023
Net assets	**5,301,252**	5,119,426
Equity		
Contributed equity	**4,942,677**	4,928,122
Reserves	**(46,640)**	(61,544)
Retained profits	**405,215**	252,848
Total equity	**5,301,252**	5,119,426

(B) INCOME STATEMENT

Total revenue	**1,901,430**	1,968,112
Share of net profits/(losses) of associates and joint ventures	**1,709**	(76)
Expenses before finance costs	**(1,494,106)**	(2,185,766)
Finance costs	**(52,760)**	(54,317)
Net profit/(loss) from operations before income tax expense	**356,273**	(272,047)
Income tax expense	**(84,562)**	(22,494)
Net profit/(loss) from operations after income tax expense	**271,711**	(294,541)

30. Acquisition and disposal of controlled entities

(A) ACQUISITIONS

The consolidated entity gained control over the following entities or business assets during the year:

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Find a Babysitter Pty Ltd	Online directory for child care providers	1 December 2009	100%
BookIt Ltd	Online booking provider	22 January 2010	(i)

(i) The business assets of BookIt Limited were acquired.

For additional information refer to Note 31.

(B) DISPOSALS

The consolidated entity did not dispose of any controlled entities during the year.

31. Business combinations

ACQUISITIONS DURING THE PERIOD

Acquisitions, none of which were individually significant to the consolidated entity, are listed in Note 30(A).

The purchase allocation of these acquisitions has not been finalised and provisional accounting has been applied. The assets and liabilities acquired were:

	Recognised on acquisition $'000	Acquiree's carrying amounts $'000
Value of net assets acquired		
Cash and cash receivables	26	26
Property, plant and equipment	7	19
Intangible assets	717	-
Total assets	750	45
Payables	98	13
Current tax liabilities	16	11
Total liabilities	114	24
Value of identifiable net assets	636	21
Goodwill arising on acquisition	4,289	-
Total identifiable net assets and goodwill	4,925	21
Consideration		
Purchase consideration - cash	4,280	
Deferred consideration	645	
Total consideration	4,925	
Net cash outflow on acquisition		
Net cash acquired with subsidiary	26	
Cash paid	(4,280)	
Net cash outflow	(4,254)	

32. Employee benefits

(A) NUMBER OF EMPLOYEES

As at 27 June 2010 the consolidated entity employed 8,778 full-time employees (2009: 8,979) and 1,801 part-time and casual employees (2009: 1,828). This includes 2,164 (2009: 2,254) full-time employees and 378 (2009: 363) part-time and casual employees in New Zealand.

(B) EMPLOYEE SHARE PLANS

The Company had three employee share plans during the period. The plans have been reopened with some changes after a suspension now that the new tax rules for employee share plans have been finalised. The terms of each plan are set out below:

1. Fairfax Exempt Employee Share Plan

This plan is open to all Australian employees with at least twelve months service with the consolidated entity in Australia, whose adjusted taxable income is $180,000 per annum or less. Under this Plan, participants may salary sacrifice up to $1,000 of pre tax salary per annum for the purchase of issued Fairfax shares at the market price on the open market of the ASX. The shares are purchased by an independent trustee company on predetermined dates.

2. Fairfax Deferred Employee Share Plan

This plan is open to all Australian employees with at least twelve months service with the consolidated entity in Australia. Under this Plan, participants may salary sacrifice a minimum of $1,000 and up to a maximum of $5,000 of salary per annum for the purchase of issued Fairfax shares at the market price on the open market of the ASX. The shares are purchased by an independent trustee company on predetermined dates. Participants must nominate a 'lock' period of either 3, 5 or 7 years during which their shares must remain in the plan, unless they leave the consolidated entity in Australia.

3. Long Term Incentive Scheme

2006 - 2007 Equity-based incentive schemes (EBIS)

Under the 2006-2007 EBIS, which applied for bonuses earned in the 2006 and 2007 financial years, one third of the annual bonus earned by senior executives reporting to the CEO was deferred. The deferred amount was remitted to the trustee of the Employee Share Plan to purchase shares on market and allocate the shares inside the Plan to the relevant executive. Each executive's allocated shares vest three years after the allocation date subject to ongoing employment requirements.

2008 and ongoing equity-based incentive scheme

The long term incentive plan is available to certain permanent full-time and part-time employees of the consolidated entity. Under this plan, the cash value of a percentage of an eligible employee's annual total fixed remuneration will be in the form of nominally allocated Fairfax shares, which are beneficially held in a trust. The shares will vest if the eligible employee remains in employment three years from the date the nominal shares are allocated and certain performance hurdles are satisfied. If the allocation does not vest at the end of year three, a re-test of the performance hurdles occurs in the fourth year. There are currently no cash settlement alternatives. Dividends on the allocated shares during the vesting period are paid directly to the eligible employee and the Company does not have any recourse to dividends paid.

33. Remuneration of auditors

During the financial year the following amounts were paid or payable for services provided by the auditor of the Company and its related parties:

	Consolidated 27 June 2010 $	Consolidated 28 June 2009 $	Company 27 June 2010 $	Company 28 June 2009 $
Audit services				
Ernst & Young Australia				
Audit and review of financial reports	**1,435,000**	1,466,000	**1,435,000**	1,466,000
Affiliates of Ernst & Young Australia				
Audit and review of financial reports	**329,000**	319,000	**329,000**	319,000
Total audit services	**1,764,000**	1,785,000	**1,764,000**	1,785,000
Other assurance services				
Ernst & Young Australia				
Regulatory and contractually required audits	**251,397**	272,840	**-**	-
Other	**94,677**	119,233	**8,240**	59,905
Affiliates of Ernst & Young Australia				
Regulatory and contractually required audits	**316,386**	268,946	**-**	-
Other	**8,929**	13,546	**-**	-
Total other assurance services	**671,389**	674,565	**8,240**	59,905
Total remuneration for assurance services	**2,435,389**	2,459,565	**1,772,240**	1,844,905
Non assurance services				
Ernst & Young Australia				
Other services	**-**	582	**-**	582
Affiliates of Ernst & Young Australia				
Other services	**14,132**	10,765	**-**	-
Total non assurance services	**14,132**	11,347	**-**	582
Total remuneration of auditors	**2,449,521**	2,470,912	**1,772,240**	1,845,487

34. Director and executive disclosures

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Shareholdings

2010	Balance 28 June 2009	Net change Other	Balance 27 June 2010	Post year-end acquisitions	Post year-end disposals	Post year-end balance
Directors						
RC Corbett	99,206	-	99,206	-	-	99,206
JB Fairfax	235,426,781	-	235,426,781	-	-	235,426,781
N Fairfax	3,892,481	-	3,892,481	-	-	3,892,481
B McCarthy	1,664,043	(463,581)	1,200,462	-	-	1,200,462
S McPhee	-	-	-	-	-	-
S Morgan	-	-	-	-	-	-
L Nicholls	-	-	-	-	-	-
R Savage	47,899	-	47,899	-	-	47,899
P Young	131,747	(630)	131,117	-	-	131,117
Key management personnel						
B Cassell	1,061,014	-	1,061,014	-	-	1,061,014
G Hambly	178,581	-	178,581	-	-	178,581
Total	242,501,752	(464,211)	242,037,541	-	-	242,037,541

2009	Balance 29 June 2008	Net change Other	Balance 28 June 2009	Post year-end acquisitions	Post year-end disposals	Post year-end balance
Directors						
RJ Walker*	1,035,251	972,948	2,008,199	-	-	2,008,199
RC Corbett	40,091	59,115	99,206	-	-	99,206
D Evans*	52,448	109,934	162,382	-	-	162,382
JB Fairfax	216,482,782	18,943,999	235,426,781	-	-	235,426,781
N Fairfax	2,412,351	1,480,130	3,892,481	-	-	3,892,481
JM King*	46,068	21,135	67,203	-	-	67,203
DE Kirk*	371,280	(371,280)	-	-	-	-
B McCarthy	1,463,027	201,016	1,664,043	-	-	1,664,043
R Savage	19,996	27,903	47,899	-	-	47,899
P Young	25,183	106,564	131,747	-	-	131,747
Key management personnel						
G Hambly	133,772	44,809	178,581	-	-	178,581
J Matthews	-	46,667	46,667	-	-	46,667
J Withers*	3,296	-	3,296	-	-	3,296
S Narayan**	57,888	94,042	151,930	-	-	151,930
B Cassell**	775,847	285,167	1,061,014	-	-	1,061,014
Total	222,919,280	22,022,149	244,941,429	-	-	244,941,429

* In the case of retired directors, the closing balance represents the number of shares at the date the director retired from the Board. For KMP, the closing balance represents the number of shares at the date of resignation.

Stapled Preference Shares (SPS)

SPS held, acquired or disposed of in the financial year ended 27 June 2010 by directors or key management personnel have been disclosed in the table above.

(B) RIGHTS OVER SHARE HOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Details of equity-based incentive schemes are included in section 5.2 of the remuneration report.

	Opening Balance 28 June 2009	Granted as remuneration	Net change Other ***	Closing Balance 27 June 2010
Directors				
B McCarthy	694,479	255,920	-	950,399
Key management personnel				
B Cassell	209,040	75,752	-	284,792
G Hambly	214,072	56,488	-	270,560
Total	1,117,591	388,160	-	1,505,751

	Opening Balance 29 June 2008	Granted as remuneration	Net change Other ***	Closing Balance 28 June 2009
Directors				
DE Kirk*	739,511	857,489	(1,403,326)	193,674
B McCarthy	292,299	402,180	-	694,479
Key management personnel				
G Hambly	139,512	110,969	(36,409)	214,072
J Matthews	107,648	126,101	-	233,749
J Withers*	-	-	-	-
S Narayan*	256,848	269,016	(486,340)	39,524
B Cassell**	87,983	121,057	-	209,040
Total	1,623,801	1,886,812	(1,926,075)	1,584,538

* The closing balance represents the number of shares at the date of departure following resignation. For KMP, closing balance represents the number of shares at the date of resignation.

** B Cassell replaced S Narayan as Chief Financial Officer in May 2009.

*** Net change movements include forfeitures.

(C) LOANS TO KEY MANAGEMENT PERSONNEL

(i) Aggregates for key management personnel

There were no loans made to directors of Fairfax Media Limited or to other key management personnel of the Group, including their personally related parties, during the financial period ended 27 June 2010 (2009: nil).

(ii) Individuals with loans above $100,000 during the financial year

There are no outstanding loans above $100,000 for the financial years ended 27 June 2010 and 28 June 2009.

35. Related party transactions

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

Interests in controlled entities are set out in Note 29.

(C) KEY MANAGEMENT PERSONNEL

A number of directors of Fairfax Media Limited also hold directorships with other corporations which provide and receive goods or services to and from the Fairfax Group in the ordinary course of business on normal terms and conditions. None of these directors derive any direct personal benefit from the transactions between the Fairfax Group and these corporations.

Transactions were entered into during the financial year with the directors of Fairfax Media Limited and its controlled entities or with director-related entities, which:

- occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the director or director-related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the directors; or
- are minor or domestic in nature.

(D) TRANSACTIONS WITH RELATED PARTIES AND DIRECTOR-RELATED ENTITIES

The following transactions occurred with related parties and director-related entities on normal market terms and conditions:

	Sales to related parties $'000	Purchases from related parties $'000	Amount owed by related parties $'000	Amount owed to related parties $'000
Consolidated				
27 June 2010	4,507	19,556	2,539	104
28 June 2009	4,986	17,876	2,606	458
Company				
27 June 2010	-	-	-	-
28 June 2009	-	-	-	-

Fairfax Media Limited has undertaken transactions with its controlled entities during the year including the issue and receipt of loans and management fees. On consolidation, all such transactions have been eliminated in full.

36. Notes to the cash flow statements

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) RECONCILIATION OF NET PROFIT/(LOSS) AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) for the financial year		**282,377**	(381,088)	**(722)**	(245,175)
Non-cash items					
Depreciation and amortisation	3(B)	**113,623**	117,556	**3,439**	7,363
Impairment of property, plant and equipment, intangibles and investments		**6,436**	569,091	**-**	214,000
Amortisation of borrowing costs		**4,422**	3,917	**-**	-
Share of profits of associates and joint ventures not received as dividends or distributions		**491**	1,325	**-**	-
Straight-line rent adjustment		**1,290**	1,658	**-**	-
Net loss on disposal of property, plant and equipment		**1,732**	264	**18**	6
Net (gain)/loss on disposal of investments and other assets		**(322)**	5,224	**-**	5,533
Fair value adjustment to derivatives		**(2,360)**	(1,071)	**-**	-
Gain on repurchase of medium term notes		**-**	(5,167)	**-**	-
Net foreign currency loss		**843**	3,173	**-**	-
Share-based payment expense		**3,297**	2,237	**3,297**	2,237
Non-cash superannuation expense		**1,136**	982	**-**	-
Changes in operating assets and liabilities, net of effects from acquisitions					
(Increase)/decrease in trade receivables		**(45,410)**	84,261	**-**	(14)
Decrease in other receivables		**76**	16,396	**3,808**	2,446
Decrease in inventories		**1,584**	1,643	**-**	-
Decrease in other assets		**-**	2,307	**-**	-
Decrease in payables		**(9,826)**	(3,073)	**(517)**	(978)
(Decrease)/increase in provisions		**(16,760)**	5,451	**(298)**	(485)
Increase/(decrease) in tax balances		**106,990**	(40,189)	**11,383**	(17,272)
Net cash inflow/(outflow) from operating activities		**449,619**	384,897	**20,408**	(32,339)

(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash at end of the financial year (as shown in the Statement of Cash Flow) to the related items in the financial statements is as follows:

Cash on hand and at bank	**117,872**	69,124	**1,680**	1,680
Total cash at end of the financial year	**117,872**	69,124	**1,680**	1,680

(C) NON-CASH INVESTING AND FINANCING ACTIVITIES

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in Note 22(A).

37. Financial and capital risk management

Financial risk management

The Group's principal financial instruments, other than derivatives, comprise cash, short term deposits, bills of exchange, bank loans and capital markets issues. The main purpose of these financial instruments is to manage liquidity and to raise finance for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivatives in accordance with Board approved policies to reduce the Group's exposure to fluctuations in interest rates and foreign exchange rates. These derivatives create an obligation or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative instruments that the Group uses to hedge risks such as interest rate and foreign currency movements include:

- cross currency swaps;
- interest rate swaps;
- forward foreign currency contracts;
- forward rate agreements; and
- interest rate option contracts.

The Group's risk management activities for interest rate and foreign exchange exposures are carried out centrally by Fairfax Media Group Treasury department. The Group Treasury department operates under policies as approved by the Board. The Group Treasury department operates in co-operation with the Group's operating units so as to maximise the benefits associated with centralised management of Group risk factors.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of net debt and total equity balances.

The capital structure of Group entities is monitored using net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio. The ratio is calculated as net debt divided by underlying EBITDA. Net debt is calculated as total interest bearing liabilities less cash and cash equivalents. Where interest bearing liabilities are denominated in a currency other than the Australian dollar functional currency, and the liability is hedged into an Australian dollar obligation, the liability is measured for financial covenant purposes as the hedged Australian dollar amount.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return equity to shareholders, issue new shares or sell assets to reduce debt. The Group continuously reviews the capital structure to ensure:

- sufficient finance for the business is maintained at a reasonable cost;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies;
- distributions to shareholders are maintained at a payout ratio of approximately 20% of net profit; and
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity to shareholders.

The Group's financial strategy is to maintain the net debt to underlying EBITDA ratio at a level consistent with an investment grade rating. In May 2009, the Group's S&P credit rating was reduced from BBB- to BB+. Notwithstanding this restatement, the Group's target credit rating remains investment grade.

The net debt to EBITDA ratio for the Group at 27 June 2010 and 28 June 2009 is as follows:

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Net debt for financial covenant purposes	18	**1,435,002**	1,782,348
EBITDA *		**644,586**	610,226
Net debt to EBITDA ratio		**2.23**	2.92

* For the purposes of the debt to EBITDA ratio, underlying EBITDA is adjusted for specific items of a non-recurring nature and excludes any unrealised profit or (loss) arising from mark to market revaluations of financial instruments. In respect of the first 12 month period after the acquisition of any acquired business, EBITDA will include acquired EBITDA in respect of the acquired business for any period not covered in the consolidated EBITDA of the Group.

Risk factors

The key financial risk factors that arise from the Group's activities, including the Group's policies for managing these risks are outlined below.

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The market risk factors to which the Group is exposed to are discussed in further detail below.

(A) INTEREST RATE RISK

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates.

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing assets are predominantly short term liquid assets. Long term debt issued at fixed rates exposes the Group to fair value interest rate risk. The Group's borrowings which have a variable interest rate attached give rise to cash flow interest rate risk.

The Group's risk management policy for interest rate risk seeks to reduce the effects of interest rate movements on its asset and liability portfolio through management of the exposures.

The Group maintains a mix of foreign and local currency fixed rate and variable rate debt, as well as a mix of long term debt versus short term debt. The Group primarily enters into interest rate swap, interest rate option and cross currency swap agreements to manage these risks. The Group designates which of its financial assets and financial liabilities are exposed to a fair value or cash flow interest rate risk, such as financial assets and liabilities with a fixed interest rate or financial assets and financial liabilities with a floating interest rate that is reset as market rates change.

The Group hedges the currency risk on all foreign currency borrowings by entering into cross currency swaps, which have the economic effect of converting foreign currency borrowings to local currency borrowings. Over the counter derivative contracts are carried at fair value, which are estimated using valuation techniques based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date. For other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices.

Refer to Note 15 for further details of the Group's derivative financial instruments and details of hedging activities.

At balance date, the Group had the following mix of financial assets and financial liabilities exposed to interest rate risks:

Consolidated
As at 27 June 2010

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	117,872	-	-	117,872
Trade and other receivables	-	-	379,099	379,099
Available for sale investments	-	-	4,239	4,239
Held to maturity investments	11,591	-	-	11,591
Other financial assets	-	-	2,575	2,575
Derivatives	28,970	15,382	-	44,352
Total financial assets	158,433	15,382	385,913	559,728
Financial liabilities				
Payables	-	-	276,580	276,580
Interest bearing liabilities:				
Bank borrowings and loans	181,782	15,058	-	196,840
Senior notes	28,574	569,388	-	597,962
Eurobonds	-	494,068	-	494,068
Medium term notes	-	167,587	-	167,587
Finance lease liability	22,004	-	-	22,004
Total interest bearing liabilities	232,360	1,246,101	-	1,478,461
Derivatives	56,277	41,383	-	97,660
Total financial liabilities	288,637	1,287,484	276,580	1,852,701

Consolidated
As at 28 June 2009

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	69,124	-	-	69,124
Trade and other receivables	-	-	346,946	346,946
Available for sale investments	-	-	2,157	2,157
Held to maturity investments	13,216	-	-	13,216
Other financial assets	-	-	1,175	1,175
Derivatives	47,873	104,869	-	152,742
Total financial assets	130,213	104,869	350,278	585,360
Financial liabilities				
Payables	-	-	300,479	300,479
Interest bearing liabilities:				
Bank borrowings and loans	301,171	20,389	-	321,560
Senior notes	30,976	607,395	-	638,371
Eurobonds	-	607,537	-	607,537
Medium term notes	-	167,481	-	167,481
Finance lease liability	25,338	-	-	25,338
Redeemable preference shares (RPS)	-	147,978	-	147,978
Total interest bearing liabilities	357,485	1,550,780	-	1,908,265
Derivatives	18,125	55,612	-	73,737
Total financial liabilities	375,610	1,606,392	300,479	2,282,481

Company
As at 27 June 2010

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	1,680	-	-	1,680
Trade and other receivables	-	398,566	1,673,414	2,071,980
Total financial assets	1,680	398,566	1,673,414	2,073,660
Financial liabilities				
Payables	-	-	14,843	14,843
Total financial liabilities	-	-	14,843	14,843

Company

As at 28 June 2009

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	1,680	-	-	1,680
Trade and other receivables	-	398,566	1,651,577	2,050,143
Total financial assets	1,680	398,566	1,651,577	2,051,823
Financial liabilities				
Payables	-	-	14,946	14,946
Total financial liabilities	-	-	14,946	14,946

Sensitivity analysis

The table below shows the effect on net profit and equity after income tax if interest rates at balance date had been 30% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed.

A sensitivity of 30% (2009: 30%) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates. A 30% sensitivity would move short term interest rates at 27 June 2010 from around 4.96% to 6.45% representing a 149 basis point shift (2009: 97 basis point shift).

In 2010, 84% (2009: 86%) of the Group's debt, taking into account all underlying exposures and related hedges was denominated in Australian Dollars; therefore, only the movement in Australian interest rates is used in this sensitivity analysis.

Based on the sensitivity analysis, if interest rates were 30% higher, net profit would be impacted by the interest expense being higher on the Group's net floating rate Australian Dollar positions during the year.

	Impact on post-tax profit		Impact on equity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If interest rates were 30% higher with all other variables held constant - increase/(decrease)	**(3,969)**	(6,397)	**2,906**	1,554
If interest rates were 30% lower with all other variables held constant - increase/(decrease)	**3,969**	6,397	**(3,262)**	(1,307)

(B) FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from:

- borrowings denominated in foreign currency; and
- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively.

The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to:

- United States Dollars;
- New Zealand Dollars;
- Euro;
- British Pounds Sterling;
- Swiss Francs;
- Singapore Dollars; and
- Malaysian Ringgit.

Forward foreign exchange contracts are used to hedge the Group's known non-debt related foreign currency risks. These contracts generally have maturities of less than twelve months after the balance sheet date and consequently the net fair value of the gains and losses on these contracts will be transferred from the cash flow hedging reserve to the income statement at various dates during this period when the underlying exposure impacts earnings. The derivative contracts are carried at fair value, being the market value as quoted in an active market.

The Group's risk management policy for foreign exchange is to only hedge known or highly probable future transactions. The policy only permits hedging of the Group's underlying foreign exchange exposures.

Benefits or costs arising from currency hedges for revenue and expense transactions that are designated and documented in a hedge relationship are brought to account in the income statement over the lives of the hedge transactions depending on the effectiveness testing outcomes and when the underlying exposure impacts earnings. For transactions entered into that hedge specific capital or borrowing commitments, any cost or benefit resulting from the hedge forms part of the initial asset or liability carrying value.

When entered into, the Group formally designates and documents the financial instrument as a hedge of the underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transactions. The Group formally assesses both at the inception and at least semi-annually thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognised in the income statement and this is mainly attributable to financial instruments in a fair value hedge relationship. Derivatives entered into and not documented in a hedge relationship are revalued with the changes in fair value recognised in the income statement. All of the Group's derivatives are straight forward over-the-counter instruments with liquid markets.

Refer to Note 15 for further details of the Group's derivative financial instruments and details of hedging activities.

Sensitivity analysis

The tables below show the effect on net profit and equity after income tax as at balance date from a 15% weaker/stronger base currency movement in exchange rates at that date on a total derivative portfolio with all other variables held constant.

A sensitivity of 15% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for potential future movement. The Group's foreign currency risk from the Group's long term borrowings denominated in foreign currencies has no significant impact on profit from foreign currency movements as they are effectively hedged.

(a) AUD / NZD

Comparing the Australian Dollar exchange rate against the New Zealand Dollar, a 15% weaker Australian Dollar would result in an exchange rate of 1.0392 and a 15% stronger Australian Dollar in an exchange rate of 1.4060 based on the year end rate of 1.2226. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the New Zealand Dollar has traded in the range of 1.04 to 1.32.

	Impact on post-tax profit		Impact on equity (hedging reserves) *	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the NZD with all other variables held constant - increase/(decrease)	**4,497**	5,457	**(30,927)**	(21,838)
If the AUD exchange rate was 15% stronger against the NZD with all other variables held constant - increase/(decrease)	**(3,862)**	(2,460)	**22,859**	20,496

* Hedging reserves includes both the cash flow hedge reserve and net investment hedge reserve

(b) AUD / USD

Comparing the Australian Dollar exchange rate against the United States Dollar, a 15% weaker Australian Dollar would result in an exchange rate of 0.7424 and a 15% stronger Australian Dollar in an exchange rate of 1.0044 based on the year end rate of 0.8734. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the United States Dollar has traded in the range of 0.61 to 0.98.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the USD with all other variables held constant - increase/(decrease)	**(32)**	(499)	**3,067**	2,710
If the AUD exchange rate was 15% stronger against the USD with all other variables held constant - increase/(decrease)	**(1,313)**	322	**(1,896)**	(2,224)

(c) AUD / EUR

Comparing the Australian Dollar exchange rate against the Euro, a 15% weaker Australian Dollar would result in an exchange rate of 0.5999 and a 15% stronger Australian Dollar in an exchange rate of 0.8117 based on the year end rate of 0.7058. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the Euro has traded in the range of 0.47 to 0.72.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the Euro with all other variables held constant - increase/(decrease)	**3,348**	-	**(1,163)**	2,304
If the AUD exchange rate was 15% stronger against the Euro with all other variables held constant - increase/(decrease)	**3,338**	(2,200)	**(4,228)**	(72)

(d) NZD / EUR

Comparing the New Zealand Dollar exchange rate against the Euro, a 15% weaker New Zealand Dollar would result in an exchange rate of 0.4900 and a 15% stronger New Zealand Dollar in an exchange rate of 0.6630 based on the year end rate of 0.5765. This range is considered reasonable given over the last five years, the New Zealand Dollar exchange rate against the Euro has traded in the range of 0.39 to 0.62.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the NZD exchange rate was 15% weaker against the Euro with all other variables held constant - increase/(decrease)	-	-	-	330
If the NZD exchange rate was 15% stronger against the Euro with all other variables held constant - increase/(decrease)	-	-	-	(268)

* Amounts disclosed in Australian Dollar terms

The Company is not exposed to any foreign currency risks on borrowings.

(C) CREDIT RISK

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Group to make a financial loss. The Group has exposure to credit risk on all financial assets included in the Group's balance sheet. To help manage this risk, the Group:

- has a policy for establishing credit limits for the entities it deals with;
- may require collateral where appropriate; and
- manages exposures to individual entities it either transacts with or enters into derivative contracts with (through a system of credit limits).

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 27 June 2010 counterparty credit risk was limited to financial institutions with credit ratings ranging from A- to AA.

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single or group of customers or individual institutions.

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include ageing and timing of expected receipts and the credit worthiness of counterparties. A provision for doubtful debts is created for the difference between the assets carrying value and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

Refer to Note 7 for an ageing analysis of trade receivables and the movement in the provision for doubtful debts. All other financial assets are not impaired and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

(D) LIQUIDITY RISK

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due.

To help reduce this risk the Group:

- has a liquidity policy which targets a minimum level of committed facilities and cash relative to EBITDA;
- has readily accessible funding arrangements in place; and
- staggers maturities of financial instruments.

Refer to Note 18(B) for details of the Group's unused credit facilities at 27 June 2010.

The contractual maturity of the Group's fixed and floating rate derivatives, other financial assets and other financial liabilities are shown in the tables below. The amounts represent the future undiscounted principal and interest cash flows and therefore may not equate to the values disclosed in the balance sheet.

As at 27 June 2010	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(276,580)	-	-	-	(14,843)	-
Bank borrowings and loans	(59,321)	(136,213)	(10,930)	-	-	-
Notes and bonds	(300,100)	(558,052)	(313,846)	(301,206)	-	-
Finance lease liability	(8,354)	(8,678)	(33,303)	-	-	-
Derivatives - inflows*						
Cross currency swaps - foreign leg (fixed)**	120,134	556,064	283,383	301,659	-	-
Cross currency swaps - foreign leg (variable)**	335	335	29,628	-	-	-
Derivatives - outflows*						
Cross currency swaps - AUD leg (fixed)**	(24,110)	(224,110)	(26,734)	(145,711)	-	-
Cross currency swaps - AUD leg (variable)**	(94,843)	(378,220)	(199,486)	-	-	-
Cross currency swaps - NZD leg (variable)**	(9,556)	(9,556)	(92,900)	(186,234)	-	-
Interest rate swaps ***	(16,846)	(16,846)	(12,656)	(2,109)	-	-

As at 28 June 2009	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(300,479)	-	-	-	(14,946)	-
Bank borrowings and loans	(24,392)	(257,850)	(35,953)	(15,533)	-	-
Notes and bonds	(84,834)	(314,721)	(749,522)	(598,378)	-	-
Finance lease liability	(8,126)	(8,441)	(27,424)	(12,467)	-	-
Redeemable Preference Shares (RPS)	(153,223)	-	-	-	-	-
Derivatives - inflows*						
Cross currency swaps - foreign leg (fixed)**	218,533	127,283	793,481	504,759	-	-
Cross currency swaps - foreign leg (variable)**	363	363	1,088	31,349	-	-
Forward foreign currency contracts**	7,743	-	-	-	-	-
Derivatives - outflows*						
Cross currency swaps - AUD leg (fixed)**	(206,303)	(24,110)	(241,933)	(154,622)	-	-
Cross currency swaps - AUD leg (variable)**	(23,942)	(94,843)	(392,234)	(185,472)	-	-
Cross currency swaps - NZD leg (variable)**	(9,352)	(9,352)	(93,533)	(188,987)	-	-
Interest rate swaps ***	(16,846)	(16,846)	(25,284)	(6,328)	-	-
Forward foreign currency contracts**	(7,880)	-	-	-	-	-

* For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date.

** Contractual amounts to be exchanged representing gross cash flows to be exchanged.

*** Net amount for interest rate swaps for which net cash flows are exchanged.

(E) FAIR VALUE

The carrying amounts and fair values of financial assets and financial liabilities at balance date are:

	Carrying value 2010 $'000	Fair value 2010 $'000	Carrying value 2009 $'000	Fair value 2009 $'000
Consolidated				
Financial assets				
Cash and cash equivalents	**117,872**	**117,872**	69,124	69,124
Receivables	**379,099**	**379,099**	346,932	346,932
Derivative assets	**44,352**	**44,352**	152,915	152,915
Available for sale investments	**4,239**	**4,239**	2,157	2,157
Held to maturity investments	**11,591**	**10,351**	13,216	13,216
Other financial assets	**2,575**	**2,575**	1,175	1,175
	559,728	**558,488**	585,519	585,519
Financial liabilities				
Payables	**276,580**	**276,580**	300,479	300,479
Interest bearing liabilities:				
Bank borrowings	**196,840**	**196,840**	321,560	321,558
Eurobonds	**494,068**	**495,589**	607,537	609,741
Senior notes	**597,962**	**599,764**	638,371	640,583
Medium term notes	**167,587**	**167,700**	167,481	167,700
Finance lease liability	**22,004**	**40,956**	25,338	36,187
Redeemable preference shares (RPS)	**-**	**-**	147,978	149,123
Derivative liabilities	**97,660**	**97,660**	74,487	74,487
	1,852,701	**1,875,089**	2,283,231	2,299,858
Company				
Financial assets				
Cash and cash equivalents	**1,680**	**1,680**	1,680	1,680
Receivables	**2,071,980**	**2,071,980**	2,050,143	2,050,143
	2,073,660	**2,073,660**	2,051,823	2,051,823
Financial liabilities				
Payables	**14,843**	**14,843**	14,946	14,946
	14,843	**14,843**	14,946	14,946

Market values have been used to determine the fair value of listed available for sale investments.

The fair value of the senior notes and lease liabilities have been calculated by discounting the future cash flows by interest rates for liabilities with similar risk profiles. The discount rates applied range from 2.66% to 13.37% (2009: 2.66% to 13.38%).

The carrying value of all other balances approximate their fair value.

As of 27 June 2010, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated				
Financial assets				
Derivative assets	**-**	**44,352**	**-**	**44,352**
Available for sale investments	**4,239**	**-**	**-**	**4,239**
Other financial assets	**-**	**2,575**	**-**	**2,575**
	4,239	**46,927**	**-**	**51,166**
Financial liabilities				
Derivative liabilities	**-**	**97,660**	**-**	**97,660**
	-	**97,660**	**-**	**97,660**

The Company does not have any financial assets or financial liabilities measured at fair value as at 27 June 2010.

38. Segment reporting

(A) DESCRIPTION OF SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, CEO and CFO in assessing performance and in determining the allocation of resources.

The consolidated entity is organised into seven reportable segments based on aggregated operating segments determined by the similarity of products and services provided, economic characteristics and geographical considerations.

Reportable Segment	Products and Services
Australian Regional Media	Newspaper publishing and online for all Australian regional publications
Metropolitan Media	Newspaper and magazine publishing, print and online classifieds for Sydney and Melbourne metropolitan and community publications
Specialist Media	Financial Review Group print and online plus Australian, NZ and USA agricultural publications
New Zealand Media	Newspaper, magazine and general publishing and online for all New Zealand publications
Printing Operations	Australian and New Zealand printing operations
Online	Online news sites and transactional businesses including Trade Me (New Zealand)
Broadcasting	Metropolitan radio networks, regional radio stations and narrowcast licences
Other	Comprises corporate, Satellite Music Australia and Oxford Scientific Films

Although the broadcasting segment does not meet the quantitative thresholds required by AASB 8, management has concluded that disclosure of this segment would be beneficial to users of the financial statements.

(B) RESULTS BY OPERATING SEGMENT

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the year ended 27 June 2010 is as follows:

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
27 June 2010						
Australian Regional Media	519,272	(12,626)	**506,646**	147,976	(7,165)	**140,811**
Metropolitan Media	896,669	(1,062)	**895,607**	102,513	(12,141)	**90,372**
Specialist Media	279,750	(65)	**279,685**	67,238	(3,327)	**63,911**
New Zealand Media	383,324	(1,029)	**382,295**	75,969	(9,431)	**66,538**
Printing Operations	535,961	(452,946)	**83,015**	111,016	(66,956)	**44,060**
Online	212,568	(123)	**212,445**	111,075	(11,640)	**99,435**
Broadcasting	109,536	-	**109,536**	28,664	(1,912)	**26,752**
Other	15,370	-	**15,370**	(5,395)	(1,051)	**(6,446)**
Consolidated entity	2,952,450	(467,851)	**2,484,599**	639,056	(113,623)	**525,433**

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
28 June 2009						
Australian Regional Media	525,578	(15,954)	**509,624**	151,683	(8,405)	**143,278**
Metropolitan Media	924,946	(1,446)	**923,500**	101,863	(13,440)	**88,423**
Specialist Media	298,258	(45)	**298,213**	61,504	(3,455)	**58,049**
New Zealand Media	410,117	(1,200)	**408,917**	84,187	(6,866)	**77,321**
Printing Operations	537,735	(440,412)	**97,323**	108,814	(68,196)	**40,618**
Online	187,172	(347)	**186,825**	90,784	(10,268)	**80,516**
Broadcasting	106,279	-	**106,279**	24,895	(2,141)	**22,754**
Other *	71,294	-	**71,294**	(18,725)	(4,469)	**(23,194)**
Consolidated entity	3,061,379	(459,404)	**2,601,975**	605,005	(117,240)	**487,765**

* Other includes results of the Southern Star Group and REPA

(C) OTHER SEGMENT INFORMATION

(i) Segment revenue

Segment revenue reconciles to total revenue and income as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Total segment revenue from external customers	**2,484,599**	2,601,975
Interest income	**7,943**	4,430
Share of net profits of associates and joint ventures	**(2,226)**	(2,050)
Gain on repurchase of medium term notes	**-**	5,167
Total revenue and income	**2,490,316**	2,609,522

Revenue from external customers includes the operating segments share of net profits from associates and joint ventures.

The consolidated entity operates predominantly in two geographic segments, Australia and New Zealand. The amount of its revenue from external customers in Australia is $2,016.2 million (2009: $2,120.7 million), and the amount of revenue from external customers in New Zealand is $474.1 million (2009: $488.8 million). Segment revenues are allocated based on the country in which the customer is located.

(ii) EBIT

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBIT. This measurement basis excludes the effects of non-recurring items from the operating segments such as restructuring costs and goodwill, masthead or radio licence impairments when the impairment is the result of an isolated, non-recurring event.

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the centralised treasury function, which manages the cash position of the group.

A reconciliation of underlying EBIT to operating profit/(loss) before income tax is provided as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
EBIT	**525,433**	487,765
Interest income	**7,943**	4,430
Gain on repurchase of medium term notes	**-**	5,167
Finance costs	**(135,911)**	(179,291)
Impairment of mastheads, licences, goodwill and investments	**-**	(551,708)
Impairment of property, plant and equipment	**-**	(23,228)
Restructuring and redundancy charges	**-**	(85,694)
Onerous lease property costs	**-**	(8,857)
Net profit/(loss) before tax	**397,465**	(351,416)

Information provided to the Board of Directors, CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the consolidated financial statements.

A summary of non-recurring items by operating segments is provided for the period ended 28 June 2009. There were no non-recurring items included in EBIT in the current period.

	Australian Regional Media $'000	Metropolitan Media $'000	Specialist Media $'000	New Zealand Media $'000	Printing Operations $'000	Online $'000	Broadcasting $'000	Other $'000
28 June 2009								
Onerous lease property costs	-	4,227	1,234	63	-	-	774	2,559
Impairment of mastheads, licences, goodwill and investments	66,074	285,438	27,709	63,371	-	-	70,395	-
Impairment of property, plant and equipment	4,568	1,467	-	-	16,000	-	1,193	-
Restructuring and redundancy charges	3,999	42,147	1,179	9,845	11,859	3,393	92	13,180

(iii) Segment assets

The total of non-current assets other than financial instruments, deferred tax assets and employment benefit assets (there are no rights arising under insurance contracts) located in Australia is $6,091.7 million (2009: $6,398.1 million), and the total of these non-current assets located in New Zealand is $680.5 million (2009: $418.5 million). Segment assets are allocated to countries based on where the assets are located.

39. Events subsequent to balance sheet date

No significant events subsequent to the balance sheet date have occurred.

DIRECTORS' DECLARATION

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 27 JUNE, 2010

In accordance with a resolution of the directors of Fairfax Media Limited, we state that:

1. In the opinion of the directors:

   a) the financial report and the additional disclosures included in the Directors' Report designated as audited, 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 27 June 2010 and of their performance for the period 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 declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for financial period ended 27 June 2010.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 29 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

Roger Corbett

Chairman

Brian McCarthy

Chief Executive Officer and Managing Director

20 September 2010

ERNST & YOUNG

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Independent auditor's report to the members of Fairfax Media Limited

Report on the Financial Report

We have audited the accompanying financial report of Fairfax Media Limited, which comprises the balance sheet as at 27 June 2010, and income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

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 financial report, comprising the financial statement and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

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 in the directors' report. In addition to our audit of the financial report, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FAIRFAX MEDIA LIMITED

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Fairfax Media Limited is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the balance sheet of Fairfax Media Limited and the consolidated entity at 27 June 2010 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 financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 27 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Fairfax Media Limited for the year ended 27 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Christopher George
Partner
Sydney
20 September 2010

TWENTY LARGEST HOLDERS OF SECURITIES AT 8 SEPTEMBER 2010

	Number of securities	%
ORDINARY SHARES (FXJ)		
National Nominees Limited	440,968,076	18.75%
J P Morgan Nominees Australia Limited	393,981,759	16.75%
Marinya Media Pty Ltd	227,650,358	9.68%
HSBC Custody Nominees (Australia) Limited	207,261,142	8.81%
Citicorp Nominees Pty Limited	142,890,559	6.08%
Cogent Nominees Pty Limited	109,202,634	4.64%
Citicorp Nominees Pty Limited <CFS WSLE GEARED SHR FND A/C>	93,710,244	3.98%
Tasman Asset Management Ltd <TYNDALL AUSTRALIAN SHARE WHOLESALE PORTFOLIO A/C>	38,210,878	1.62%
ANZ Nominees Limited <CASH INCOME A/C>	32,342,812	1.38%
RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	29,105,539	1.24%
AMP Life Limited	29,069,694	1.24%
Australian Reward Investment Alliance	21,128,269	0.90%
RBC Dexia Investor Services Australia Nominees Pty Limited	19,478,532	0.83%
Cogent Nominees Pty Limited <SMP ACCOUNTS>	16,578,896	0.70%
J P Morgan Nominees Australia Limited	16,551,345	0.70%
Argo Investments Limited	15,779,138	0.67%
UBS Wealth Management Australia Nominees Pty Ltd	13,816,429	0.59%
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 1 A/C>	13,480,000	0.57%
Queensland Investment Corporation	12,974,406	0.55%
Australian Foundation Investment Company Limited	9,000,000	0.38%
	1,883,180,710	80.07%

STAPLED PREFERENCE SECURITIES (SPS) (FXJPB)		
J P Morgan Nominees Australia Limited	553,295	18.44%
UBS Nominees Pty Ltd	225,993	7.53%
National Nominees Limited	184,829	6.16%
ANZ Nominees Limited <CASH INCOME A/C>	163,739	5.46%
HSBC Custody Nominees (Australia) Limited - A/C 3	160,600	5.35%
HSBC Custody Nominees (Australia) Limited - GSCO ECA	116,356	3.88%
Brispot Nominees Pty Ltd <HOUSE HEAD NOMINEE NO 1 A/C>	105,114	3.50%
Avanteos Investments Limited <ENCIRCLE IMA A/C>	92,051	3.07%
Citicorp Nominees Pty Limited	80,594	2.69%
Buttonwood Nominees Pty Ltd	72,901	2.43%
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENIP A/C>	53,446	1.78%
Questor Financial Services Limited <TPS RF A/C>	47,938	1.60%
RBC Dexia Investor Services Australia Nominees Pty Limited <PICREDIT A/C>	34,039	1.13%
UBS Wealth Management Australia Nominees Pty Ltd	27,419	0.91%
ANZ Trustees Limited <DIVERSIFIED INCOME CF1 A/C>	27,069	0.90%
Citicorp Nominees Pty Limited <CFSIL CFS WS ENH YIELD A/C>	25,379	0.85%
M F Custodians Ltd	25,030	0.83%
Equity Trustees Limited <EQT HIGH INC WHOLESALE A/C>	24,945	0.83%
Cogent Nominees Pty Limited	23,600	0.79%
ANZ Trustees Limited <THE JO & JR WICKING A/C>	20,000	0.67%
	2,064,337	68.81%

DEBENTURES		
National Financial Services Corp.	281	100

OPTIONS

There were no options exercisable at the end of the financial year.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the company as at 8 September 2010 are:

	Ordinary Shares
Marinya Media Pty Ltd	232,512,219
National Australia Bank Limited Group	229,191,115
Commonwealth Bank of Australia	201,410,754
Maple-Brown Abbott Limited	136,691,699

DISTRIBUTION OF HOLDINGS AT 8 SEPTEMBER 2010

No. of securities	No. of ordinary shareholders	No. of SPS holders	No. of debenture holders
1 - 1,000	10,294	1,209	1
1,001 - 5,000	18,667	169	-
5,001 - 10,000	6,661	20	-
10,001 - 100,000	5,977	17	-
100,001 and over	378	7	-
Total number of holders	41,977	1,422	1
Number of holders holding less than a marketable parcel	3,378	1	-

VOTING RIGHTS

Voting rights of ordinary shareholders are governed by Rules 5.8 and 5.9 of the Company's Constitution which provide that every member present personally or by proxy, attorney or representative shall on a show of hands have one vote and on a poll, shall have one vote for every share held. SPS and debentures do not carry any voting rights.

FIVE YEAR PERFORMANCE SUMMARY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES

		2010	2009	2008	2007	2006
Income Statement						
Total revenue	$m	2,490.3	2,609.5	2,934.0	2,178.5	1,909.9
Revenues from operations	$m	2,476.8	2,599.1	2,900.9	2,111.4	1,907.8
Earnings/(loss) before depreciation, interest and tax (EBITDA)	$m	639.1	(59.0)	818.3	560.7	493.5
Depreciation	$m	113.6	117.6	108.3	111.3	79.8
Earnings/(loss) before interest and tax	$m	525.4	(176.6)	710.0	449.4	413.7
Net interest expense	$m	128.0	174.9	186.9	111.2	97.1
Profit/(loss) before tax	$m	397.5	(351.4)	523.2	338.2	316.6
Income tax expense	$m	115.1	29.7	135.7	76.6	88.5
Net profit/(loss) attributable to members of the Company	$m	282.1	(380.1)	386.9	263.5	227.5
Net profit before significant items	$m	290.5	242.4	395.3	267.8	234.3
Balance Sheet						
Total equity	$m	5,306.7	5,011.8	4,965.3	4,961.0	2,136.8
Total assets	$m	7,394.1	7,487.6	8,293.1	8,000.5	4,087.1
Total borrowings	$m	1,478.5	1,908.3	2,511.9	2,347.7	1,507.9
Statistical Analysis						
Number of shares and debentures	m	2,352.0	2,352.0	1,513.5	1,479.6	939.1
Number of shareholders		43,231	49,050	50,184	50,843	40,301
Number of SPS holders		1,516	1,388	1,010	733	564
EBITDA to operating revenue	%	25.8	(2.3)	28.2	26.6	26.0
EBIT to operating revenue	%	21.2	(6.8)	24.5	21.3	21.7
Basic earnings/(loss) per share	cents	11.5	(21.6)	22.9	22.7	24.4
Basic earnings per share before significant items	cents	11.8	12.4	23.4	23.2	24.5
Operating cash flow per share	cents	19.1	16.4	27.7	24.7	30.7
Dividend per share	cents	2.5	2.0	20.0	20.0	19.5
Dividend payout ratio	%	21.7	-	87.3	88.1	79.9
Interest cover based on EBITDA before significant items	Times	5.0	3.5	4.4	5.3	5.1
Gearing	%	27.9	38.1	50.6	47.3	70.6
Return on equity	%	5.5	4.8	8.0	5.4	11.0
Market price per share	$	1.36	1.23	2.69	4.36	3.48
Market capitalisation	$m	3,198.7	2,892.9	4,071.4	6,451.2	3,268.0
Number of full-time employees		8,778	8,979	9,800	9,474	6,468
Number of part-time and casual employees		1,801	1,828	2,106	1,942	2,168

ANNUAL GENERAL MEETING

The annual general meeting will be held at 10.30am on Thursday 11 November 2010 at the Palladium, Level 1, Crown Towers, 8 Whiteman Street, Southbank, Melbourne, Vic.

FINANCIAL CALENDAR

2010

Stapled preference securities dividend	1 November 2010
Annual general meeting	10 November 2010

2011 (estimated)

Interim result	February 2011
Stapled preference securities dividend	April 2011
Preliminary final result	August 2011
Annual general meeting	November 2011

COMPANY SECRETARY

Gail Hambly

REGISTERED OFFICE

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Fax: +61 2 9282 1633

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: 1300 888 062 (toll free within Australia)
Ph: +61 2 8280 7670
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

STOCK EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Stock Exchange - "FXJ". The Stapled Preference Securities (SPS) are listed on the Australian Stock Exchange - "FXJPB".

WEBSITE

Corporate information and the Fairfax annual report can be found via the Company's website at www.fxj.com.au. The Company's family of websites can be accessed through www.fairfax.com.au.

HOW TO OBTAIN THE FAIRFAX ANNUAL REPORT

A soft copy of the annual report is available at www.fxj.com.au. To obtain a hard copy of the report, contact Link Market Services - see contact details under Share Registry.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing.

DIRECT PAYMENT TO SHAREHOLDERS' ACCOUNTS

The Company pays dividends by direct credit to shareholders' bank accounts. The Company no longer issues cheques except in exceptional circumstances. A direct credit form can be obtained from the Share Registry.

Payments are electronically credited on the dividend date and confirmed by a mailed payment advice. Shareholders are advised to notify the Share Registry (although it is not obligatory) of their tax file number so that dividends can be paid without tax being withheld.

PUBLICATIONS AND WEBSITES

FAIRFAX MEDIA

AUSTRALIAN PUBLICATIONS

Metropolitan Newspapers

The Sydney Morning Herald
The Sun-Herald
The Age
The Sunday Age

Canberra/Newcastle/Illawarra/ Seniors Group

<u>ACT</u>
The Canberra Times
The Chronicle
Public Sector Informant
Sunday Canberra Times
The Queanbeyan Age

<u>Illawarra</u>
Illawarra Mercury
Wollongong Advertiser

<u>Newcastle</u>
Lakes Mail
Port Stephens Examiner
The Newcastle Herald
The Star (Newcastle and Lake Macquarie)

<u>Senior Publications</u>
Australian Senior
Queensland Senior
Senior Traveller
South Australia Senior
Tasmanian Senior
Victorian Senior
West Australian Senior

Community Newspapers (NSW)

Auburn Review
Bankstown-Canterbury Torch
Blacktown Sun
Campbelltown Macarthur Advertiser
Camden Advertiser
Cooks River Valley Times
Fairfield City Champion
Hills News
Holroyd Sun
Liverpool City Champion
Parramatta Sun
Penrith City Star
Rouse Hill-Stanhope Gardens News
St George & Sutherland Shire Leader
St Marys-Mt Druitt Star
South West Advertiser
Wollondilly Advertiser

Community Newspapers (VIC)

Banyule & Nillumbik Weekly
Brimbank Weekly
Casey Weekly - Berwick
Casey Weekly - Cranbourne Northern
City Weekly
Frankston Weekly
Greater Dandenong Weekly
Hobsons Bay Weekly
Hobsons Bay Weekly - Williamstown
Hume Weekly
Knox Weekly
Macedon Ranges Weekly
Maribyrnong Weekly
Maroondah Weekly
Melbourne Times Weekly
Melbourne Weekly
Melbourne Weekly Bayside
Melbourne Weekly Eastern
Melbourne Weekly Port Phillip
Melton Weekly
Monash Weekly
Moonee Valley Weekly
Moorabool Weekly
Northern Weekly
North West Weekly
Pakenham Weekly
Peninsula Weekly - Mornington
Point Cook Weekly
Sunbury Weekly
Western Port Trader
Western Port Weekly
Wyndham Weekly
Yarra Ranges Weekly

Holiday Magazine

Regional Publishing (NSW)

Armidale Express
Armidale Express Extra
Bay Post (Batemans Bay)
Bega District News
Bellingen Shire Courier Sun
Blayney Chronicle
Blue Mountains Gazette
Blue Mountains Wonderland
Bombala Times
Boorowa News
Braidwood Times
Camden Haven Courier
Canowindra News
Central Western Daily
Coasting
Cobar Age
Coffs Harbour Independent
Cooma Monaro Express
Cootamundra Herald
Country Leader
Cowra Guardian
Crookwell Gazette
Daily Liberal
Dungog Chronicle
Eastern Riverina Chronicle
Eurobodalla Shire Independent
Forbes Advocate
Gilgandra Weekly
Glen Innes Examiner
Gloucester Advocate
Goulburn Post
Great Lakes Advocate
Guardian News
Guyra Argus
Harden Murrumburrah Express
Hawkesbury Courier
Hawkesbury Gazette
Hibiscus Happynings
Highlands Post (Bowral)
Hunter Valley News
Hunter Valley Town + Country Leader
Lithgow Mercury
Lower Hunter Star (Maitland)
Macleay Argus
Mailbox Shopper
Manning Great Lakes Extra
Manning River Times
Merimbula News Weekly
Midcoast Happenings
Mid-Coast Observer
Midstate Observer
Milton Ulladulla Times
Moree Champion
Moruya Examiner
Mudgee Guardian
Mudgee Weekly
Muswellbrook Chronicle
Myall Coast NOTA
Narooma News
Narromine News
North Coast Senior Lifestyle
North Coast Town + Country Magazine
Northern Daily Leader
Nyngan Observer
Oberon Review
Parkes Champion Post
Port Macquarie Express
Port Macquarie News
Sapphire Coaster
Shoalhaven and Nowra News
Singleton Argus
Snowy Times Magazine
South Coast Leisure Times
South Coast Register
Southern Cross (Junee)
Southern Highland News (Bowral)
Southern Weekly Magazine
Summit Sun
Tenterfield Star
The Advertiser (Cessnock)
The Area News (Griffith)
The Border News
The Daily Advertiser / The Weekend Advertiser (Wagga Wagga)
The Grenfell Record
The Inverell Times
The Irrigator (Leeton)
The Leader (Riverina)
The Magnet (Eden/Imlay)
The Maitland Mercury
The Observer (Coleambally)
The Post Weekly (Goulburn)
The Ridge News
The Rural (Wagga Wagga)
The Scone Advocate
Town & Country Magazine
Walcha News
Warren Advocate
Wauchope Gazette
Wellington Times
Western Advocate
Western Magazine

PUBLICATIONS AND WEBSITES

Western Times
Wingham Chronicle
Yass Tribune
Young Witness

Regional Publishing (VIC/TAS/SA/WA)

Ararat Advertiser
Ballarat News
Bendigo Advertiser
Gippsland Farmer
Gippsland Times
Latrobe Valley Express
Midland Express
Moe & Narracan News
Sunraysia Daily
The Advocate (Hepburn Shire)
The Border Mail (Albury/Wodonga)
The Courier (Ballarat)
The Great Southern Tourist News (Victoria)
The Guardian (Swan Hill)
The Moyne Gazette
The Northern Times (Kerang)
The Standard (Warrnambool)
The Stawell Times News
The Warrnambool Extra
Traralgon Journal
Wimmera Mail Times
Coastal Times (Burnie)
Devonport Times
East Coast News
Island of Contrast
Launceston Advertiser
Meander Valley News
Northern Midlands News
Sunday Examiner, Tasmania
Tamar Community Times
Tasmanian Independent Publishing
Tasmanian Travelways
The Advocate (Burnie)
The Examiner (Launceston)
Western Herald (North West Tasmania)
Barossa Light Herald
Eyre Peninsula Tribune
On The Coast (Victor Harbor)
Northern Argus (Clare Valley)
Port Lincoln Times
Roxby Downs Sun
The Flinders News (SA)
The Independent Weekly
The Islander (Kangaroo Island)
The Murray Valley Standard
The Recorder (Port Pirie)
The Times (Victor Harbor)
The Transcontinental (Port Augusta)
West Coast Sentinel (Ceduna)
Whyalla News
Albany & Great Southern Weekender
Augusta Margaret River Mail
Avon Advocate (Northam)
Bunbury Mail
Busselton-Dunsborough Mail
Central Midlands & Coastal Advocate (Northam)
Collie Mail
Donnybrook Bridgetown Mail
Harvey Mail
Mandurah Mail
Merredin-Wheatbelt Mercury
Murray Mail
Senior Post (WA)
Sun City News
The Esperance Express
The Wagin Argus

Agricultural and Queensland/NT Regional Publishing

National
Australian Cotton Outlook
Australian Dairyfarmer
Australian Farm Journal
Australian Horticulture
Australian Nursery Manager
Country Music Capital News
Dairy Info. Guide
Directory of Australian Country Music
Flower Register
Good Fruit + Vegetables
Horse Deals
Hortguide
Irrigation and Water Resources
Lotfeeding
National GrapeGrowers and Vignerons
Official Guide to Tamworth Country Music Festival
Turfcraft

New South Wales
Farm Equipment Trader
Farming Small Areas
NSW Ag Today
The Land

Queensland
North Queensland Register
Queensland Country Life
Queensland Grains Outlook
Queensland Smart Farmer

South Australia
Smart Farmer
Stock Journal
The Grower

Victoria
Stock and Land

Western Australia
Farm Weekly
Ripe

Field Days and Events
Commonwealth Bank Ag-Quip
Elders FarmFest
Farming Small Areas Expo
Murrumbidgee Farm Fair
Northern and Southern Beef Weeks
NSW Beef Spectacular
Star Maker Quest
Tamworth Country Music Festival

New Zealand Agricultural Publishing
Ag Trader
Lifestyle Farmer
Straight Furrow
The Dairyman

Field Days
Central District Field Days

Queensland/NT Regional Publishing
Bayside Bulletin
Goondiwindi Argus
Katherine Times
Mt Isa Print
Northwest Country
Tennant & District Times
The North West Star
The Redlands Directory
The Redland Times

USA Agricultural Publications
American Agriculturist
Californian Farmer
Carolina-Virginia Farmer
Dakota Farmer
Direct-fed Microbila, Enzyme + Forage Additive Compendium
The Farmer
The Farmer-Stockman
Feedstuffs
Feed Additive Compendium Annual
Feedstuffs Reference Issue
Farm Futures
Indiana Prairie Farmer
Kansas Farmer
Michigan Farmer
Mid-South Farmer
Missouri Ruralist
Nebraska Farmer
Ohio Farmer
Prairie Farmer
Southern Farmer
Tack 'n' Togs
Wallaces Farmer (Iowa)
Western Farmer-Stockman
Wisconsin Agriculturist

Farm Shows
Farm Progress Show
Hay Expo
Husker Harvest Days
New York Farm Show

FAIRFAX MAGAZINES

Good Weekend
Sport & Style (Melbourne)
Sport & Style (Sydney)
Sunday Life
theage(melbourne)magazine
the(sydney)magazine

PUBLICATIONS AND WEBSITES

FINANCIAL REVIEW GROUP

Australia Publications

AFR BOSS
AFR Smart Investor
Asset
The Australian Financial Review
The Australian Financial Review – Weekend Edition
The Australaian Financial Review Magazine
BRW
CFO
Life&Leisure Luxury
Life & Leisure The Sophisticated Traveller
MIS Australia

Online

www.afr.com
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www.assetmag.com.au

Business Intelligence

AssetLink
Connect4
Fairfax Business Research
MarketBase

Education

Financial Review Professional Education

Asia Publications

CIO Asia
Computerworld Singapore
Computerworld Malaysia
MIS Asia
MIS Asia 100
Strategic 100

Asia On-line

www.mis-asia.com

FAIRFAX RADIO NETWORK

Metropolitan News Talk

2UE Sydney
3AW Melbourne
4BC Brisbane
6PR Perth

Metropolitan Music

Magic 1278 Melbourne
4BH Brisbane
96fm Perth

Regional

4BU & Hitz FM Bundaberg
5RM & Magic FM the Riverland
5CC & Magic FM Port Lincoln
5AU / 5CS & Magic FM Spencer Gulf

Narrowcast

KIX AM / FM Bundaberg
Hervey Bay, Maryborough, Gladstone, Rockhampton, Mackay, Townsville, Emerald, the Coalfields, Spencer Gulf, the Clare Valley, Port Lincoln and the Riverland

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Business and Finance

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Video

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www.qldsmartfarmer.com.au
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www.trademe.co.nz/trade-me-property
www.travelbug.co.nz

PUBLICATIONS AND WEBSITES

NEW ZEALAND PUBLISHING

Metropolitan Newspapers

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The Dominion Post
Waikato Times

Regional Newspapers

Manawatu Standard
Taranaki Daily News
The Marlborough Express
The Nelson Mail
The Southland Times
The Timaru Herald

National Newspapers

Best Bets
Sunday News
Sunday Star-Times
The Independent
Turf Digest

Magazines

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Avenues
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Sky Sport
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Community Newspapers

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East & Bays Courier
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North Shore Times
Northern News
Nor-West News
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Cambridge Edition
City Weekend
Franklin County News
Hamilton Press
Hauraki Herald
HB Country Scene
Matamata Chronicle
North Waikato News
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South Waikato News
Taupo Times
The Hastings Mail
The Napier Mail

Taranaki/Manawatu Community Newspapers
Central District Times
Central Districts Farmer
Feilding Herald
North Taranaki Midweek
Rangitikei Mail
South Taranaki Star
The Tribune

Wellington Community Newspapers
Horowhenua Mail
Kapi-Mana News
Kapiti Observer
The Hutt News
The New Zealander (International)
The Wellingtonian
Upper Hutt Leader
Wairarapa News

South Island Community Newspapers
Central Canterbury News
Clutha Leader
D-Scene
High Country Herald
Kaikoura Star
Motueka-Golden Bay News
Newslink
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