JOHN FAIRFAX HOLDINGS LIMITED
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FairfaxReport

FAIRFAX ANNUAL REPORT 2003

INVESTMENT AND GROWTH

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THE AGE PRINT CENTRE AT TULLAMARINE. IN A GALA, MULTIMEDIA CEREMONY LED BY FAIRFAX CHAIRMAN DEAN WILLS AND CHIEF EXECUTIVE OFFICER FRED HILMER AND ATTENDED BY 300 STAFF AND GUESTS, THE AGE PRINT CENTRE WAS OFFICIALLY OPENED BY STEVE BRACKS, THE PREMIER OF VICTORIA, AT THE END OF JULY.

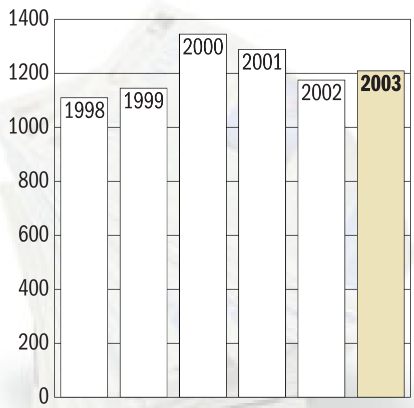
Q+A WITH BRIAN EVANS, CEO, FAIRFAX NEW ZEALAND. "THE BUSINESS IS EXACTLY AS WE PERCEIVED DURING DUE DILIGENCE: WHAT WE BOUGHT IS WHAT WE THOUGHT WE WERE BUYING, AND THAT IS A VERY STRONG AND SUCCESSFUL PUBLISHING BUSINESS. THESE ARE GREAT NEWSPAPERS AND MAGAZINES THAT ARE LEADERS IN THEIR MARKETS, AND I SEE TREMENDOUS OPPORTUNITY IN REVENUE GENERATION."

Designed and Produced by Armstrong Miller+McLaren, Sydney–Melbourne–Adelaide.

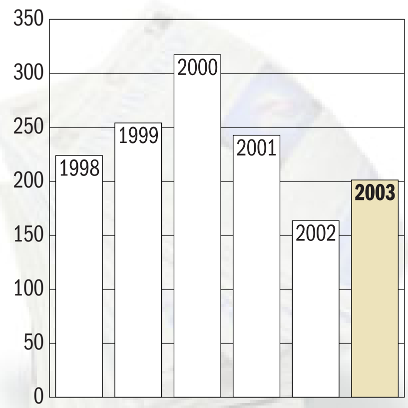
Photography by Virginia Star, Fairfax Business Media.

REPORT

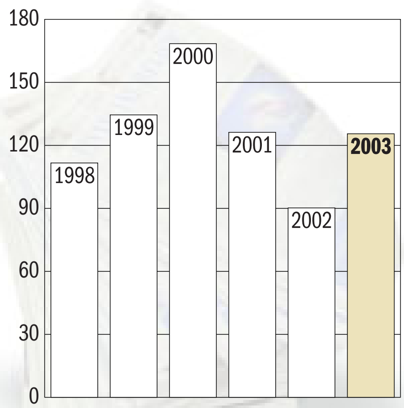
FINANCIAL HIGHLIGHTS



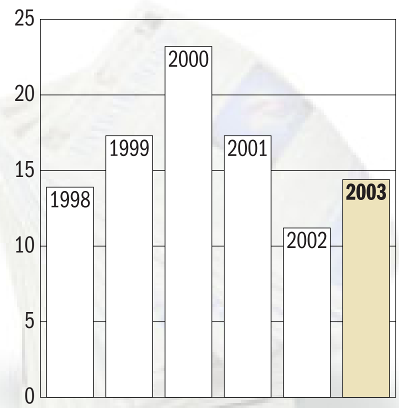
TRADING REVENUE/$M



EBIT PRE SIGNIFICANT ITEMS/$M



PROFIT BEFORE SIGNIFICANT ITEMS/$M



EARNINGS PER SHARE
PRE SIGNIFICANT ITEMS/$M

CHAIRMAN'S REPORT

DEAN WILLS AO

FAIRFAX—WELL POSITIONED FOR THE FUTURE

YOUR BOARD OF DIRECTORS BELIEVES THAT FAIRFAX IS WELL POSITIONED FOR THE YEARS AHEAD. WE ARE PLEASED TO REPORT THAT DURING THE YEAR UNDER REVIEW WE ACHIEVED CONSIDERABLE ADVANCEMENT OF OUR COMPANY'S FUTURE PROSPECTS. OUR VIEWS STEM FROM A BETTER PROFIT RESULT, STRONG OPERATING PERFORMANCE, THE FULL BENEFITS AHEAD FROM OUR ACQUISITION IN NEW ZEALAND, AND INVESTMENT IN NEW PLANT IN AUSTRALIA. WE BELIEVE THESE FACTORS SHOULD UNDERPIN SHAREHOLDERS' CONFIDENCE IN THE FUTURE GROWTH OF OUR COMPANY.

IN light of our results, and in consideration of stronger cash flow generation, the Board approved a second successive increase in the dividend for the 2003 financial year, bringing the total dividend for the year to 13 cents per share, fully franked. This is an increase of 1.5 cents, or 13% from last year.

We anticipate being able to maintain quality returns to shareholders through the acquisition of the INL publishing business in New Zealand, which has been accretive from its first day, and management's focus on franchise quality, revenue growth and the key advertising categories.

Progress to date in the publishing business in New Zealand is most gratifying and we are confident that this acquisition will prove highly beneficial to our overall position. Fairfax New Zealand is comprised of quality mastheads, well positioned in their markets, and with good prospects for growth.

Our Chief Executive, Fred Hilmer, and his team have worked assiduously in the face of difficult trading conditions that have yet to return to the peaks we experienced before the Sydney Olympics and September 11, 2001. In these circumstances, when a downturn in the business cycle is compounded by commercial instability worldwide, the challenge for management has been to deliver sound earnings and improve the company's strategic position. We believe we made good progress on those matters during the year under review.

A broad range of activity is underway that is steadily improving the business. Now that major capital expenditures have been completed satisfactorily, we can bring more resources to bear on our publications and their position in the market.

The official ceremony to mark the completion and opening of The Age Print Centre at Tullamarine was a landmark day for the company. With our investment in The Age Print Centre of $220 million over the past four years, we have gone from a plant that gave us great service for many years at Spencer Street to a state-of-the-art facility geared to the production of newspapers and magazines of the highest quality for decades to come.

We believe the way to perpetuate the status of *The Age* and our other newspapers is to reinvent, refresh and reinvigorate them so that they serve our readers and advertisers in the best possible way. Similarly, the upgrade of capacity at Chullora is providing reader and commercial benefits to *The Sydney Morning Herald* and *The Sun-Herald*.

We remain commited to continue to make our publications relevant and exciting to their readers in their respective communities, recognising that each market is different and is treated as such.

We have fulfilled our commitment to reduce the losses at f2, and to continue f2's path to growth and profitability as a leader in online News and Classifieds. f2 is strongly positioned in the key markets of NSW and Victoria.

We take great pride in our publications, the quality of their journalism, the professionalism of our staff, and the important role Fairfax plays as an independent media voice in the community. We admire the courage of Paul McGeough in his outstanding coverage of the war in Iraq for *The Sydney Morning Herald* and *The Age*, and the authoritative reporting of business by *the Australian Financial Review*.

Our regional and community papers are performing extremely well. New publications, such as *the (sydney) magazine*, are bringing exciting new journalism to our readers and create new revenue streams, even as *Good Weekend* maintains its position as the country's leading quality newspaper inserted magazine.

Your Board, together with management and staff, is committed to pursuing its primary objective of enhancing shareholder value over time. We aim to achieve this through Fairfax's continued strength and leadership as a quality media company.

“WE TAKE GREAT PRIDE IN OUR PUBLICATIONS, THE QUALITY OF THEIR JOURNALISM, THE PROFESSIONALISM OF OUR STAFF, AND THE IMPORTANT ROLE FAIRFAX PLAYS AS AN INDEPENDENT MEDIA VOICE IN THE COMMUNITY.”

FREDERICK G. HILMER AO

A YEAR OF ACHIEVEMENT AND OPPORTUNITY

THE 2003 FINANCIAL YEAR WAS A YEAR OF ACHIEVEMENT. WE DELIVERED STRONG PROFIT GROWTH IN A TOUGH MARKET ENVIRONMENT WHILE COMPLETING PROJECTS WHICH SUBSTANTIALLY STRENGTHENED OUR BUSINESS.

WE increased our printing capacity significantly through our new plant at Tullamarine in Melbourne and the upgrade of plant at Chullora in Sydney, and at the same time forged new Enterprise Bargaining Agreements with our printing staff. Fairfax also made a major step forward by purchasing a leading publishing business in New Zealand, the largest acquisition in the company's history.

We refined our management structure to provide a stronger focus, editorially and commercially, across our metropolitan mastheads. We achieved sound revenue growth in a difficult market that has been affected by the business cycle and challenging global developments.

Cost discipline has been a constant over the past five years. With close attention to expenditures, and by productivity improvements and redesigning our work, we have held costs essentially flat over the past three years.

Throughout, our publications continued in their tradition of independent, quality journalism, with robust coverage of war and terrorism abroad, and the events at home that shape our lives. Once again, our journalists received accolades, with Anne Davies and Kate McClymont of *The Sydney Morning Herald* claiming the Gold Walkey – the profession's highest honour – for their coverage of the Bulldogs football club in Sydney. *The Age*'s John Spooner received the Melbourne Press Club's Graham Perkin Award for Journalist of the Year.

These achievements highlight Fairfax's distinctive role as a large publishing group with strong local publications, each of which are led locally and are integral parts of their respective communities. Examples of this include Michael Gawenda's longstanding leadership of *The Age* in Melbourne and Julie Ainsworth's new appointment as manager of the *Newcastle Herald*.

THE NET PROFIT GROWTH OF 134% IS THE RESULT OF THREE MAJOR FACTORS:

- An improvement in the underlying publishing business, with revenues up 4% and costs increasing by less than 3%, even after absorbing one time startup costs at Tullamarine and other restructuring costs;
- A reduced loss for f2, with revenues up by over 77% and costs sharply reduced as a result of restructurings; and
- Reduced financing costs and tight cash management.

We have had healthy earnings growth, with EBIT up more than 23%. This is a strong performance by both our metropolitan broadsheets and in our regional and community publications. Our newspapers have the strongest readership profile in the industry, and good overall circulation.

We have met our commitments on f2, sharply reducing expenses, exiting businesses that were not meeting our goals, and building leading News and Classifieds sites. f2 is currently trading profitably at the EBITDA level, and we expect f2 to improve further this year. f2 Network has the #1 position in news in Australia, and the classified sites had revenue growth and gains in market share that exceeded the overall performance of internet sites in Australia.

I believe our classified franchises remain strong and vibrant, with opportunities to provide continuing growth. Notwithstanding the

PROFIT AFTER TAX PRE-SIGNIFICANT ITEMS OF $125.5 MILLION

▲39%

EBIT PRE-SIGNIFICANT ITEMS OF $201.3 MILLION

▲23%

TRADING REVENUES OF $1.21 BILLION

▲3%

EARNING PER SHARE PRE-SIGNIFICANT ITEMS OF 14.4 CENTS

▲29%


BRW.
Inside business.

"I BELIEVE ONE OF THE STRENGTHS OF THE COMPANY IS THAT ALL OF US HERE HAVE PRIDE IN WHAT WE DO – PRIDE IN THE ROLE THAT FAIRFAX PLAYS IN OUR SOCIETY IN TERMS OF A HIGH QUALITY, INDEPENDENT PRESS"

current softness in employment advertising in our key markets, New South Wales and Victoria, which has affected employment classified volumes, we are well placed for print employment classifieds to benefit from a recovery in those markets. We have strategies in place – by offering total solutions for our clients and customers – to provide the best products for recruitment branding and advertising in print and online, and to be the best source of jobs for our readers. The response to what Fairfax can provide as a leader in both media platforms is most encouraging.

OUR PRIORITIES FOR THE 2004 FINANCIAL YEAR INCLUDE:

FRANCHISE QUALITY. We will continuously improve the quality of our franchises with readers, advertisers and the general community. There have been design improvements in *The Sydney Morning Herald*, *The Age*, and the *Weekend Financial Review*. *the (sydney) magazine* has captured a large audience and new advertisers. *The Newcastle Herald* has gained substantial circulation and readership, and *The Illawarra Mercury* is showing good growth.

REVENUE GROWTH. We are committed to obtaining the full benefits of the investments we have made in our printing plants by fully utilising their capabilities to meet the needs of advertisers and readers. These include back-to-back colour capacity, a greater ability to redesign sections and inserts, and improved distribution through more reliable delivery of our publications.

COST MANAGEMENT. We will continue to improve work processes to achieve real cost savings that absorb a material part of the inflationary increases in the cost base. This is a continuous process across the business.

DELIVERING ON FAIRFAX NEW ZEALAND. We aim to deliver a result that exceeds market expectations. Our New Zealand mastheads are leaders in their markets and well positioned for further growth. Under the leadership of Brian Evans, the CEO of Fairfax New Zealand, the acquisition proceeded well from the first day. There is now a group focus on platforms, purchasing, systems and editorial, and strategies to grow the national Sunday newspapers and the magazine group.

CAPABILITY BUILDING. We will continue upgrading the quality of our people, management and management processes throughout the company. It is a great strength that all of the recent senior appointments – Alan Revell, Managing Director, Commercial and f2; Linda Price, Director of Organisation Development; Mark Scott, Editor-in-Chief, Metropolitan Newspapers; Brian Evans in New Zealand; and James Hooke, the new General Manager, Fairfax Regional and Community Newspapers – have come from within. Our objective is to build management strength throughout the business.

IN closing, I want to pay tribute to our staff for their professionalism and hard work through the year. I believe one of the strengths of the company is that all of us here have pride in what we do – pride in the role that Fairfax plays in our society in terms of a high quality, independent press. For us, there is nothing better than bringing you the most informative and engaging coverage of your community, the nation and the world every day – and to also have a company that is strong commercially and financially, with a robust future for our publications and internet businesses.

We now have a greatly expanded team across the Tasman, and they have our appreciation. I also want to note the contribution of Mark Bayliss, our Chief Financial Officer, who has recently given notice of his intention to leave the Company in November. Mark has helped lead improvements in the business, our systems and reporting across the entire company. Mark leaves with our thanks, and good wishes.

MR ROGER CORBETT AM

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 4 FEBRUARY 2003)

Mr Corbett has been involved in the retail industry for nearly 40 years. In late 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 Australia. On 1 January 1999, Mr Corbett was appointed Chief Executive Officer of Woolworths Limited and still holds this position.

MR MARK BURROWS

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 22 JANUARY 1996)

Mr Burrows is an investment banker and currently the Executive Deputy Chairman of ING Barings Holdings Limited, Deputy Chairman of Brambles Industries Limited and a Director of Burns Philp & Company Limited. He chaired the Companies and Securities Advisory Committee from 1989 to 1994 and was one of the principal participants in the creation of the Australian Securities Commission.

MRS MARGARET JACKSON AC

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 1 MARCH 2003)

Ms Jackson is Chairman of Qantas Airways Limited. She became a Director of Qantas in 1992, and was appointed Chairman in August 2000. A full-time company director since 1992, Ms Jackson is currently on the boards of ANZ, Billabong International as well as John Fairfax Holdings Limited.

MR RONALD WALKER AC CBE

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 4 FEBRUARY 2003)

Mr Walker has been a prominent businessman in Australia for more than 30 years and was Lord Mayor of Melbourne from 1974 to 1976 having served two terms. He was founder and Chairman of one of Australia's largest private chemical companies between 1963 and 1976, was co-founder, director and major shareholder of Hudson Conway Limited, and co-founder and major shareholder of Crown Casino Limited. Mr Walker is a substantial shareholder and Deputy Chairman of Primelife Limited. Mr Walker is also Chairman of the Australian Grand Prix Corporation, the Melbourne 2006 Commonwealth Games and Trustee of the National Gallery of Victoria.

MR FREDERICK HILMER AO

CHIEF EXECUTIVE OFFICER

(JOINED THE BOARD 9 NOVEMBER 1998)

Prior to Mr Hilmer's appointment to Fairfax, he was Professor of Management at the Australian Graduate School of Management (AGSM) in the University of New South Wales and a director of Port Jackson Partners Limited. Prior to joining the AGSM, Mr Hilmer was a partner of McKinsey & Company for 20 years and for the last 9 of those years managed the Australian practice.
Mr Hilmer is Deputy Chairman of Westfield Holdings Limited, former Chairman of Pacific Power Limited and former Deputy Chairman of Foster's Brewing Group Limited.

MR DEAN WILLS AO

NON-EXECUTIVE CHAIRMAN

(JOINED THE BOARD 4 OCTOBER 1994)

Mr Wills is one of Australia's leading businessmen. He has been President of the Business Council of Australia and a member of the Board of the University of New South Wales Graduate School of Management. Formerly, he was both Chairman and Managing Director of Coca-Cola Amatil Limited and Chairman of National Mutual Life Association of Australasia Limited and National Mutual Holdings Limited. Presently, he is Chairman of Transfield Services Ltd, a Director of Westfield Holdings Limited and Chairman of the Coca-Cola Australia Foundation Ltd.

SIR RODERICK CARNEGIE AC

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 7 JANUARY 1992)

Sir Roderick Carnegie is the former Managing Director, Chief Executive and Chairman of CRA Limited and the founder of the Australian practice of McKinsey & Company. During the past year he was Chairman of Adacel Technologies but has recently retired from that company. He serves as patron of the Australian Centre for Blood Diseases.

MRS JULIA KING

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 17 JULY 1995)

Mrs King has had more than 30 years' experience in media marketing and advertising. She was Chief Executive of the LVMH fashion group in Oceania and developed the businesses in this area and has recently completed a project for LVMH in India. Prior to joining LVMH she was the Managing Director of Lintas Advertising. She has been on the Australian Government's Task Force for the restructure of the Wool Industry, the Council of the National Library and Heide Museum of Modern Art. Julia King is a Director of Servcorp Australian Holdings Pty Limited and Opera Australia.

MR DAVID GONSKI AO

NON-EXECUTIVE DIRECTOR

(JOINED THE BOARD 29 SEPTEMBER 1993)

Mr Gonski is Chairman of Investec Australia Limited and Coca-Cola Amatil Limited. He is also a director of the Australia & New Zealand Banking Group Limited and Westfield Holdings Limited. In addition, he is Chairman of the Australia Council and involved in a number of other not-for-profit organisations.

MARK BAYLISS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

THE 2003 FINANCIAL YEAR, IN ADDITION TO BEING A PERIOD OF CHANGE AND GROWTH FOR THE FAIRFAX GROUP, HAS ALSO BEEN A YEAR IN WHICH OUR PERFORMANCE HAS TURNED AROUND. WE MAINTAINED OUR FOCUS BY DRIVING REVENUE GROWTH IN THE EXISTING AUSTRALIAN BUSINESS WHILE ACTIVELY MANAGING COSTS AND CONTROLLING OUR CAPITAL EXPENDITURE WITHIN PREVIOUSLY INDICATED LIMITS. AS A RESULT, WE GREATLY IMPROVED OUR PERFORMANCE IN A RELATIVELY DIFFICULT MARKET, WITH STRONG INCREASES IN NET PROFIT AND EARNINGS PER SHARE, ENABLING A SIGNIFICANT LIFT IN THE DIVIDEND PAID TO SHAREHOLDERS.

GROUP TRADING PERFORMANCE

Trading revenue increased by 3% to $1.21 billion in a difficult advertising market. Excluding the impact of the CitySearch directories business, which was sold last year, underlying trading revenue increased $55.4 million or approximately 5%. Over the past three years, group costs have fallen as a result of our continued commitment to cost management. Costs continued to fall in 2003 despite a number of one off items comprising asset write-downs ($4.7m), redundancies relating to the recent restructure ($6.0m) and dual running costs for Tullamarine ($7.0m). Excluding these non recurring items, costs decreased $21.6 million or 2.3% to $922.0 million. EBITDA margins increased from 19.6% last year to 22.4% this year. Earnings per share pre-significant items increased to 14.40 cents, up 29% from last year.

PUBLISHING – REVIEW OF UNDERLYING TRADING

REVENUES

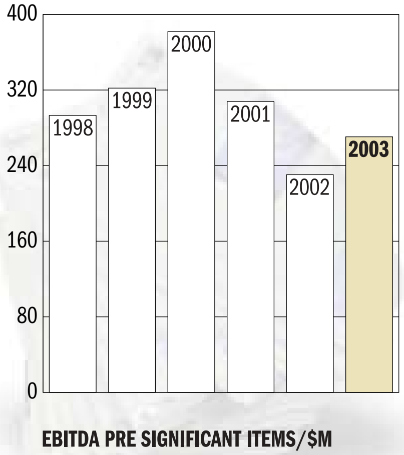
Publishing business revenues increased 4% from $1.14 billion last year to $1.18 billion this financial year. The increase was primarily driven by a sharp increase in display advertising, which was partially offset by weaker employment and real estate markets in the second half of the year.

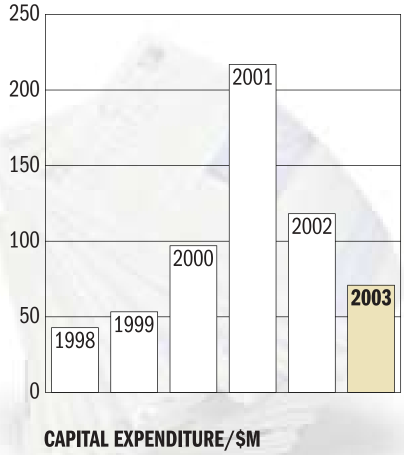
Advertising revenues grew by 5% while circulation revenue fell by 1% compared to last year. The volume of classified advertising was down 3% while display advertising volume was up 2%. Yield increases were achieved in all categories.

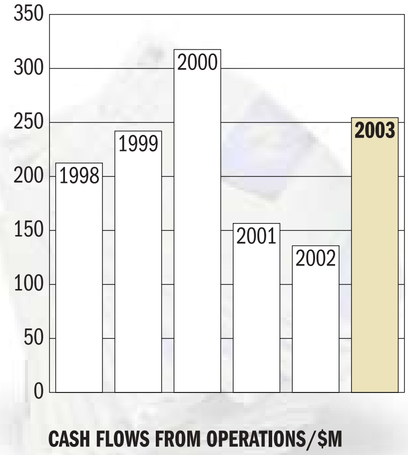
The Sydney Morning Herald reported a 3% increase in advertising revenue. Classified volume declined by 2% while display volume increased by 6%. Yield increases offset the volume declines. All categories of display advertising showed an increase in volume. Classified volumes in real estate remained consistent with the prior year, motor vehicles increased, while employment and other categories showed small declines. Circulation revenue grew by 1% for both the Saturday and weekday editions. There were no changes in the cover price of the weekday paper during the year. There was an increase in the price of the Saturday *Herald* of 20 cents in February 2003 to $2.20.

The Age recorded a small decrease in total advertising revenue of 1%. Classified volumes fell by 5% while display volumes increased by 2%. Yields across all categories of display and classified advertising increased. Circulation revenue remained in line with last year. There were no changes in the cover price during the year.

The Australian Financial Review suffered a fall in advertising revenue of 6%. An increase in yield of 8% helped to partially offset the decline







KEY STATISTICS

	2003	2002
EBITDA MARGIN (%) – PRE-SIGNIFICANT ITEMS	**22.4**	19.6
NET DEBT TO EQUITY (%)	**67.4**	43.6
INTEREST COVER (TIMES) – PRE-SIGNIFICANT ITEMS	**11.5**	7.8
EARNINGS PER SHARE – PRE-SIGNIFICANT ITEMS (CENTS)	**14.4**	11.2
EARNINGS PER SHARE – AFTER SIGNIFICANT ITEMS (CENTS)	**14.4**	6.2
DIVIDEND PER SHARE (CENTS)	**13.0**	11.5

FINANCIAL HIGHLIGHTS

- PROFIT AFTER TAX PRE-SIGNIFICANT ITEMS OF $125.5 MILLION UP 39%
- EARNINGS PER SHARE PRE-SIGNIFICANT ITEMS OF 14.4 CENTS UP 29%
- EARNINGS BEFORE INTEREST AND TAX (EBIT) PRE-SIGNIFICANT ITEMS OF $201.3 MILLION UP 23%
- TRADING REVENUES OF $1.21 BILLION UP 3%
- INTEREST COVER BASED ON EBITDA PRE-SIGNIFICANT ITEMS INCREASED FROM 7.8 TO 11.5 TIMES

PROFIT AND LOSS

	2003 $M	2002 $M	Variance %
GROUP: Underlying Trading			
Trading revenue	1,210.1	1,173.9	3.1%
Costs	939.7	943.6	(0.4%)
EBITDA	270.5	230.4	17.4%
Depreciation	69.2	66.9	3.4%
EBIT	201.3	163.5	23.1%
PUBLISHING: Underlying Trading			
Trading revenue	1,183.7	1,137.8	4.0%
Costs	911.5	884.8	3.0%
EBITDA	272.2	253.0	7.6%
Depreciation	61.9	60.4	2.5%
EBIT	210.3	192.5	9.2%
f2: Underlying Trading			
Trading revenue	26.4	36.2	(27.1%)
Costs	28.1	58.8	(52.2%)
EBITDA	(1.7)	(22.7)	92.5%
Depreciation	7.3	6.4	14.1%
EBIT	(9.0)	(29.1)	69.1%

BALANCE SHEET DATA

	2003 $M	2002 $M
Total assets	3,426.2	2,314.7
Net debt	(1,200.3)	(586.1)
Shareholders' funds	1,777.4	1,344.5

CASH FLOW DATA

	2003 $M	2002 $M
Cash flow from operations	254.4	135.8
Capital expenditure	(187.2)	(118.2)
Interest paid (net)	(23.2)	(31.1)
Dividends paid	(104.8)	(92.8)
Net debt reduction/(increase)	(614.2)	179.7
Operating cash flow per share (cents)	29.3	18.5

in volume. The decrease in volume was driven by the continued weakness in the banking, finance, IT and telecommunications advertising sectors. Despite this ongoing pressure, the *AFR* maintained its market share during the year. Circulation revenue was consistent with the prior year. There was a 30 cent increase in the cover price during the year to $2.50.

The Sun-Herald showed a 7% increase in advertising revenues. Classified volumes were down, however, this was offset by an increase in display volumes. Yields increased in total driven by the increase in classified yields which was partially offset by a small decline in display yields. Circulation revenue fell by 5% from last year. There were no changes in the cover price during the year.

Advertising revenue for all magazines increased by 2% from the prior year. *Good Weekend* had a very good year, with advertising revenue increasing by 9%. This trend was sustained across all lifestyle titles. However, this was offset by a decline in revenue from our business publications that were under pressure in a weak banking and finance environment.

Fairfax Community and Regional Newspapers registered EBITDA growth of 23% on increased revenue. *The Newcastle Herald, Illawarra Mercury* and *Warrnambool Standard* all registered good circulation growth. *The Newcastle Herald* has grown circulation by over 20% over the past five years.

COSTS

The underlying publishing division costs base has grown at slightly less that 1% per annum compound over a three year period.

f2 – REVIEW OF UNDERLYING TRADING

f2 results improved significantly on the prior year reporting an EBITDA loss of $1.7 million compared to $22.7 million in the prior year. As previously foreshadowed, the total EBIT loss of f2 was less than $10 million. This improvement has been achieved by significant growth in online advertising revenue during the past 12 months and web traffic at record levels. Online advertising revenue grew 77% over the prior year. f2 is currently trading profitably at the EBITDA level and we expect further improvements this year.

BALANCE SHEET

The group's balance sheet has changed considerably from 30 June 2002 due to the acquisition of the New Zealand publishing assets of Independent Newspapers Limited on 30 June 2003 for A$1.036 billion. The group acquired a large number of mastheads published throughout New Zealand that have been booked at their cost of $942.8 million. All other assets and liabilities acquired in this transaction are recorded in the Group's balance sheet as at 30 June 2003 in their respective category including receivables, payables and property, plant and equipment. External debt and shareholders' equity increased by $614.2 million and $358.7 million respectively to fund this transaction.

In addition, the Tullamarine printing plant came on line as planned in late January 2003. We commenced depreciating the plant at this time.

We continue to build on the significant improvements in working capital that we achieved in the prior year by active management of receivables, payables and inventory. Careful management resulted in a decrease in working capital of $5.1 million. Going forward we are committed to active management of our working capital base.

CASH FLOW AND DEBT

The group's operating cashflow increased by $118.5 million or 87% compared to the prior year. Careful management of our tax payments together with a decrease in working capital drove this good result.

In the current year, depreciation was equal to capital expenditure in Australia resulting in a neutral effect on cashflow.

Fairfax net debt levels increased by $614.2 million to $1,200.3 million. This increase resulted primarily from the external funding required for the Independent Newspapers Limited asset acquisition completed on 30 June 2003. The remainder of the funding for this transaction was sourced through equity, where an institutional placement and a share purchase plan raised $305.4 million and $60.8 million respectively. These inflows were reduced by $70.9 million of capital expenditure as we finalised the Tullamarine and Chullora expansion.

Gearing, as measured by net debt as a percentage of debt and equity, increased from 30% in the 2002 financial year to 40% in 2003.

Interest cover also improved from 7.8 times EBITDA pre-significant items last year to 11.5 times this year.

Going forward, capital expenditure in Australia and New Zealand will be two-thirds of total depreciation.

We will continue to actively manage our capital base to provide a higher return to shareholders.

DIVIDENDS

Dividends of $104.8 million were paid during the financial year. This comprised $16.6 million for PRESSES and $88.2 million in ordinary dividends.

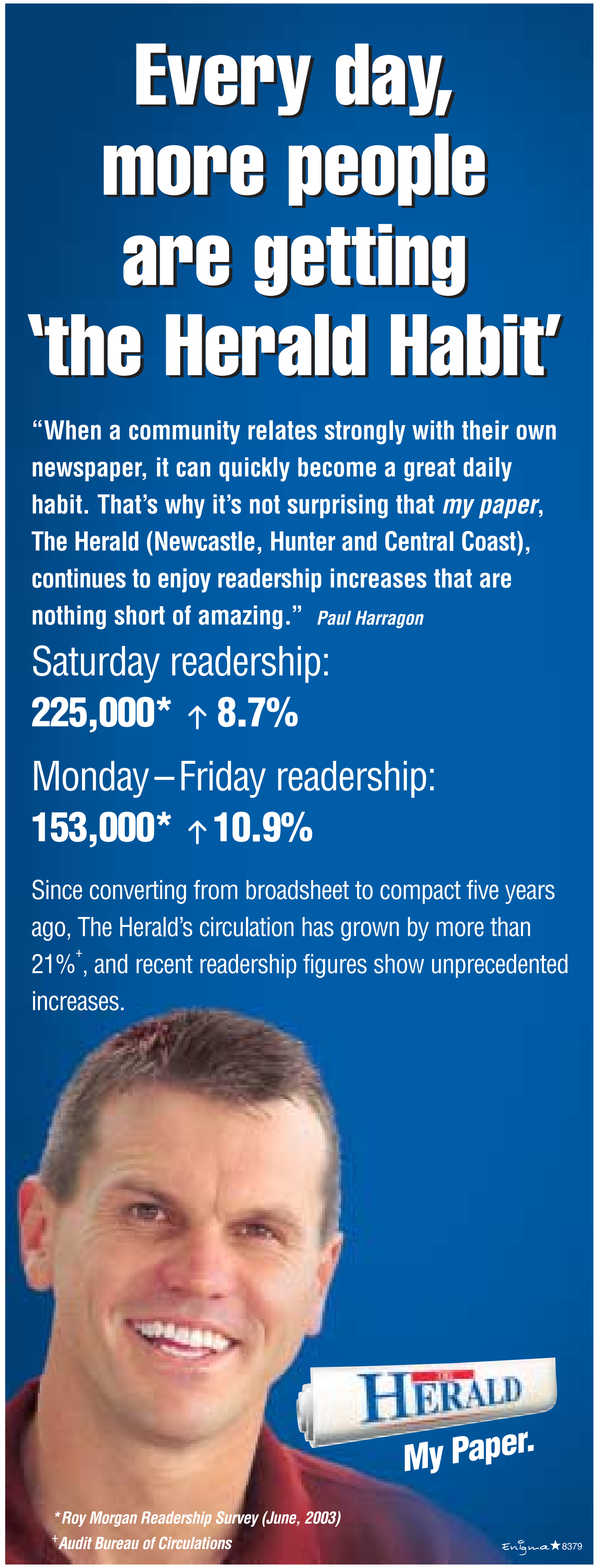
The PRESSES dividends paid in December 2002 and June 2003 were $3.3341 and $3.3159 respectively per $100 share. The ordinary dividend paid of $88.2 million comprised a final dividend for 2002 of 7 cents and an interim dividend of 5 cents for 2003. All dividends were fully franked.

A fully franked final dividend for 2003 of 8 cents has been declared, taking the total dividend per share for 2003 to 13 cents per share, 1.5 cents or 13% higher than the prior year.

Going forward we intend to provide a fully franked dividend with a payout ratio of at least 70% through the cycle.

SIGNIFICANT ITEMS

There are no significant items in the current year. This compares with $36.5 million post tax reported in the prior year in respect of the closure of the CitySearch directories business.



EXECUTIVE MANAGEMENT TEAM

JAMES HOOKE

GENERAL MANAGER, FAIRFAX REGIONAL AND COMMUNITY NEWSPAPERS

RESPONSIBILITIES

Management of the FRCN Division of over 50 mastheads, including *The Herald* (Newcastle, Hunter and Central Coast editions), *The Illawarra Mercury, The St George* and *Sutherland Shire Leader* and *The Warrnambool Standard.*

EXPERIENCE

Manager of Strategy for John Fairfax from 2001 to 2003; corporate strategy and business development; author of three books on spoken communication.

"The strength of our regional and community papers is their connection with their local communities – local readers and local advertisers. This relationship has fuelled strong revenue growth over the past few years and will form the basis of continued top-line growth."

GAIL HAMBLY

GROUP GENERAL COUNSEL AND COMPANY SECRETARY

RESPONSIBILITIES

Provision of legal services across the Group; Company Secretarial services throughout the Group and to the Board; regulatory and legislative issues affecting the company; director of several subsidiary companies within the Group.

EXPERIENCE

Over ten years as a member of the Executive Management Team and service to every CEO and the Board; Media and Communications Committee, Law Society of New South Wales

"My job is to assist Fairfax to be a vigorous and competitive media company that fulfils its public trust and acts with integrity and within the law in its editorial and commercial activities."

ALAN REVELL

MANAGING DIRECTOR, COMMERCIAL DIVISION AND f2

RESPONSIBILITIES

Advertising revenue, marketing and circulation sales across *The Age, Sunday Age, The Sydney Morning Herald* and *The Sun-Herald* and their inserted magazines, plus our online division, f2.

EXPERIENCE

More than 20 years in newspapers in England, Papua New Guinea and Australia; editor and then publisher of *The Sun-Herald* and publisher of Fairfax's regional titles; publisher and editor-in-chief of *The Sydney Morning Herald* and *The Sun-Herald*; responsibility at f2 for the News and Classifieds sites.

"My team's overall goal is to grow profitable revenue by dominating the most valuable audiences and advertising categories through a portfolio of products and channels, to grow our position in employment and real estate, and to develop the capabilities of our contact centres. Our newly created group approach to marketing will see a focus on demand creation for our publications."

BRIAN EVANS

CEO, FAIRFAX NEW ZEALAND

SEE PAGE 18

MARK BAYLISS

CHIEF FINANCIAL OFFICER

SEE PAGE 10

PETER GRAHAM

DIRECTOR, GROUP OPERATIONS

RESPONSIBILITIES

Production and distribution of all Fairfax publications; newsprint and major supply contracts; IT; construction and completion of Tullamarine and Chullora projects.

EXPERIENCE

Extensive experience in leading large, complex technology and service organisations throughout the public and private sectors.

"We are focused on maximising the return on investment in people and plant through improved operational performance, efficient and cost effective systems, and effective logistics."

MICHAEL GILL

PUBLISHER AND EDITOR-IN-CHIEF, FAIRFAX BUSINESS MEDIA

RESPONSIBILITIES

Editorial quality and business performance of *The Australian Financial Review, AFR Magazine, BOSS, BRW, Shares, Personal Investor, Asset, CFO, MIS*.

EXPERIENCE

Nearly three decades in journalism, serving at *The Age, The National Times, The Australian Financial Review, Business Sunday* and *The Newcastle Herald*. Appointed to the current role in 1998.

"The core goal is to ensure that the Fairfax Business Media products sustain a demonstrably high value in the hands of readers and, therefore, of advertisers."

MARK SCOTT

EDITOR-IN-CHIEF METROPOLITAN NEWSPAPERS

RESPONSIBILITIES

Editorial content of *The Age, The Sunday Age*; *The Sydney Morning Herald* and *The Sun-Herald*, and smh.com.au and theage.com.au

EXPERIENCE

Managing Editor (Saturday), *The Sydney Morning Herald;* Deputy Editor and News Editor, *The Sydney Morning Herald;* Director of Organisation Development, Fairfax; Olympics News Editor, John Fairfax Group.

"To grow circulation and readership through quality journalism: producing better newspapers and websites that set the news agenda for the nation, that have a reputation for fairness, accuracy and balance, and that readers find compelling and indispensable in their lives."

LINDA PRICE

DIRECTOR, ORGANISATION DEVELOPMENT

RESPONSIBILITIES

Recruitment, performance management, succession planning, organisation development, change management, remuneration, health and safety, and employee relations.

EXPERIENCE

Joined Fairfax in November 2000 after numerous roles in IT management in a variety of manufacturing, distribution and service organisations. Holds a Diploma of Education, a Bachelor of Applied Science and an MBA.

"Our key focus will be to deliver the corporate objectives of improved performance management, succession planning and organisation capability."

THE AGE PRINT CENTRE AT TULLAMARINE OFFICIALLY OPENED

IN A GALA, MULTIMEDIA CEREMONY LED BY FAIRFAX CHAIRMAN DEAN WILLS AND CHIEF EXECUTIVE OFFICER FRED HILMER AND ATTENDED BY 300 STAFF AND GUESTS, THE AGE PRINT CENTRE WAS OFFICIALLY OPENED BY THE PREMIER OF VICTORIA AT THE END OF JULY. THE STATE-OF-THE-ART FACILITY, LOCATED ON A PROMINENT SIX HECTARE SITE ADJOINING THE TULLAMARINE FREEWAY NEAR MELBOURNE AIRPORT, WAS CONSTRUCTED AT A COST OF $220 MILLION OVER THE PAST 4 YEARS. OVERSEEN BY PETER GRAHAM, THE DIRECTOR OF GROUP OPERATIONS, THE NEW FACILITY WAS COMPLETED ON BUDGET.

The winner of 12 architectural and building awards, The Age Print Centre is the most modern advanced newspaper and magazine printing plant in Australia. With a staff of 150, the new plant is providing *The Age* and other Fairfax publications with world-class printing facilities, contributing to *The Age*'s growth and to Fairfax's position as a leading media company in Australia.

THE HON. STEVE BRACKS, PREMIER OF VICTORIA, OPENING THE DOOR ON A NEW CHAPTER AT FAIRFAX

Fairfax Chairman Dean Wills said that the plant would deliver newspapers and magazines of the highest quality for decades to come. "*The Age* has a proud place in the history and development of Victoria. Over the years it has become a true icon.

"Bringing production of *The Age*, *The Australian Financial Review* and our other publications to the leading edge of print technology will give us even stronger newspapers and magazines. There is compelling demand in the market from our key advertisers for more capacity, especially in colour printing, and both *The Age* and *The Financial Review* will deliver it to them in standards of both quality and volume unavailable until now."

The Age Print Centre has 100% back-to-back colour capability. Each of the three presses can run at a speed of up to 75,000 copies an hour, which means the plant can potentially print 21 average-sized newspapers every second. The Age Print Centre also embraces the highest environmental standards. As well as using recycled paper in its raw newsprint, the plant has a major emphasis on recycling and a zero emission policy with no effluent or waste water discharged from the plant.

The construction cost, on a like-for-like, per square foot basis, in constant dollars, was 10% less expensive than any other publishing plant in Australia.

Chief Executive Officer Fred Hilmer said the plant was a great milestone for the company, and said that the decision to invest in a new plant in Victoria was a stay-in-business decision. "It was a decision that really affected the future of *The Age* and Fairfax in Victoria as businesses. This plant is now here, serving as the platform for *The Age* and the *AFR* so that they can continue their role in Victoria, and continue to build their business.

"To succeed, therefore, we had to have the right plant, with the right equipment, and under the right management and leadership. All of those attributes have come together here at The Age Print Centre."

Editor-in-Chief Michael Gawenda said: "Next year *The Age* celebrates its 150th birthday. What better way to begin the next 150 years than with a strong foundation that this provides for us? Together with a talented, committed staff, growing readership and advertiser support, the prospects for *The Age* are, I believe, extremely bright."

Opening the new facility, Premier Steve Bracks said that it was an historic day for *The Age* and Victoria. "One of the key icons in Victoria is turning a new leaf, a new chapter, a new period in its history… I congratulate the employees of *The Age*, past and present who have helped turn this dream into reality.

"*The Age* has always upheld the notion of editorial independence. It has probably been more upheld in *The Age* than in any newspaper in the world. We all owe a great gratitude to *The Age* for upholding that notion of independence, of being Victorian, and having the news behind the news."

The opening was also attended by the Federal Minister for the Environment, Dr David Kemp, Victorian Treasurer, John Brumby, leader of the Opposition, Robert Doyle and local MPs.

The Age Print Centre now prints all editions and sections of *The Age* and *The Australian Financial Review*. Tours for Victorian schools will begin later this year. Readers and advertisers can take a tour of The Age Print Centre online at www.theageprintcentre.com.au which contains multimedia presentations, key milestones, products, awards, and safety and environment news.

ANALYSE THIS

Alan Kohler is a legend in Australian business journalism. He's a former editor of both The Australian Financial Review and The Age, and has lately been the AFR's leading business columnist. Alan Kohler along with Stephen Bartholomeusz and Malcolm Maiden make up the most formidable team of business analysts in Australia. Profit from their columns, every week in The Age.

Kohler, Bartholomeusz and Maiden

THE AGE

Q+A WITH BRIAN EVANS, CEO, FAIRFAX NEW ZEALAND

UPON ANNOUNCEMENT OF THE ACQUISITION OF THE FORMER INL GROUP OF NEWSPAPERS, MAGAZINES, AND RELATED BUSINESSES IN NEW ZEALAND, BRIAN EVANS WAS APPOINTED CEO OF FAIRFAX NEW ZEALAND.

THE PUBLISHING GROUP INCLUDES THE *DOMINION POST* IN WELLINGTON, AND *THE PRESS* IN CHRISTCHURCH; THE *SUNDAY STAR TIMES* AND *SUNDAY NEWS* NATIONAL NEWSPAPERS; REGIONAL AND COMMUNITY PAPERS THROUGHOUT THE NORTH AND SOUTH ISLANDS; MAGAZINES INCLUDING *TV GUIDE, CUISINE*, AND *NEW ZEALAND HOUSE AND GARDEN*; GORDON & GOTCH; AND THE STUFF.CO.NZ WEBSITES. THE ACQUISITION WAS COMPLETED ON JUNE 30, 2003.

Previously, Brian served as the Group General Manager of Fairfax Regional and Community Newspapers and is a member of the Executive Management Team of Fairfax, reporting directly to the CEO. Brian has had 30 years experience in the newspaper industry, with the past nine years working with Fairfax, most recently taking *The Newcastle Herald* from a position of decline to the fastest-growing significant daily newspaper in Australia.

Q. WHAT HAVE YOUR PRIORITIES BEEN SINCE CLOSING THE ACQUISITION ON JUNE 30?

A. My first priority was to settle the management and staff into the new company. An acquisition is a major endeavour and a very personal experience for each of our 2,700 employees. I wanted a good beginning for everyone – and we achieved that. Second, I wanted to give our senior management team clear direction, so that there was continuity in the business and a good sense of going forward together. We also achieved that. Third, I wanted to make sure that we were on target from Day 1 in not only meeting, but exceeding, our budget goals. And so far, we are on course to perform.

Q. HOW ARE THE PEOPLE? AND HOW IS YOUR MANAGEMENT TEAM?

A. We were able to retain all the top managers in the business – I'm very proud of that. In large part it is because of the respect that people here have for Fairfax as a quality, independent publisher. We were very well received from the day we announced the acquisition. During July, August and September all of our top executives went through a training course with Auckland University to strengthen their management skills. It also has helped build a common language in the business, as well as a stronger team spirit.

Q. WHAT ARE YOUR IMPRESSIONS OF THE QUALITY OF THE PUBLICATIONS AND THE OVERALL BUSINESS?

A. The business is exactly as we perceived during due diligence: what we bought is what we thought we were buying, and that is a very strong and successful publishing business. These are great newspapers and magazines that are leaders in their markets. And I see tremendous opportunity in revenue generation.

Q. WHAT ARE YOUR PLANS FOR THE SUNDAY PUBLICATIONS, AND THE MAGAZINES?

A. On Sundays, we have got about 330,000 combined circulation with the *Sunday Star-Times* and the *Sunday News* – the largest and only true national newspapers in the country. We can get revenue growth through some group approaches. Our magazines have excellent margins, and we want *New Zealand House and Garden* and *Cuisine* to be the leading lifestyle magazines in New Zealand.

Q. WHAT ARE THE TYPES OF IMPROVEMENTS IN THE BUSINESS THAT YOU BELIEVE CAN BE MADE?

A. We are introducing a group philosophy across the company: obtaining the benefits of synergies through group sales, group purchasing and group systems, particularly in editorial and accounting. We have begun editorial sharing across several mastheads, and with access to copy by our publications in both Australia and New Zealand. This is an editorial-driven business, which is a great strength to us. By stepping out of the silo-driven sales mentality, and having a more common approach in these key areas, we can register significant gains.

Q. HOW DO YOU LIKE LIVING AND WORKING IN NEW ZEALAND?

A. I have some issues with the traffic in Auckland and driving on NZ roads! But seriously, while there are many similarities to Australia, the papers and magazines are kiwi to their core – and becoming immersed in New Zealand culture is very important to me.

Q. HAVE YOU CHANGED SPORTING ALLEGIANCES?

A. I now have two rugby teams to follow: the All Blacks and, if they look like winning, the Wallabies. The All Blacks in NZ are a religion, and I worship regularly.

FAIRFAX NEW ZEALAND PUBLICATIONS

KEY

- NATIONALS
- METROPOLITAN
- REGIONAL
- COMMUNITY
- MAGAZINES

NATIONAL

SUNDAY STAR TIMES
SUNDAY NEWS
FRIDAY FLASH
BEST BETS
TURF DIGEST
NEW ZEALAND TRUTH

NORTHLAND

WHANGAREI LEADER
LOOK NORTH NORTHERN NEWS
DARGAVILLE AND DISTRICT NEWS
THE CHRONICLE, KERIKERI

WAIKATO/BAY OF PLENTY

WAIKATO TIMES
MANAWATU EVENING STANDARD
HAMILTON PRESS
HAURAKI HERALD
CAMBRIDGE EDITION
MATAMATA CHRONICLE
TAUPO TIMES
ROTORUA REVIEW
RUAPEHU PRESS
SOUTH WAIKATO NEWS
EAST WAIKATO COUNTRY
NORTH WAIKATO TATLER
NORTH TARANAKI MIDWEEK
THE HAWERA STAR
FEILDING HERALD
FEILDING HERALD AND RANGITIKEI MAIL
THE TRIBUNE
CENTRAL DISTRICT FARMER
PIAKO POST
CITY WEEKEND
THE DAILY NEWS

AUCKLAND

AUCKLAND CITY HARBOUR NEWS
MANUKAU COURIER
NORTH HARBOUR NEWS
NORTH SHORE TIMES ADVERTISER
EASTERN COURIER
EAST AND BAYS COURIER
PAPAKURA COURIER
NOR'WEST NEWS BRIEF
CENTRAL LEADER
WESTERN LEADER
FRANKLIN COUNTY NEWS

CENTRAL

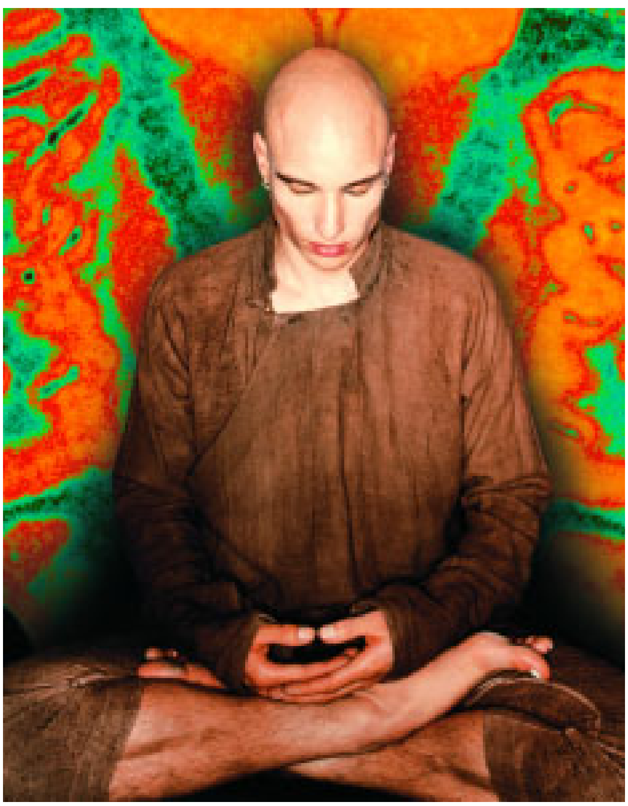
UPPER HUTT LEADER
WAIRARAPA NEWS
THE HUTT NEWS
CONTACT
KAPITI OBSERVER
THE NORWESTER
HOROWHENUA MAIL
KAPI-MANA NEWS
THE LEADER

SOUTH ISLAND

NELSON MAIL
THE MARLBOROUGH EXPRESS
THE SOUTHLAND TIMES
THE TIMARU HERALD
CLUTHA LEADER
THE CHRISTCHURCH MAIL
KAIKOURA STAR
MOTUEKA-GOLDEN BAY NEWS
OTAGO SOUTHLAND FARMER
TAIERI HERALD
NEWSLINK
THE MIRROR
HIGH COUNTRY HERALD
THE SATURDAY EXPRESS

MAGAZINES

ON HOLIDAY
BOATING NEW ZEALAND
CUISINE
FISH AND GAME NEW ZEALAND
NEW ZEALAND FISHING NEWS
NEW ZEALAND GARDENER
NEW ZEALAND GROWING TODAY
NEW ZEALAND HORSE AND PONY
NEW ZEALAND TRUCKING
NZ HOUSE & GARDEN STYLE
TRUCK TRADER
TV GUIDE
AA DIRECTIONS (CONTRACT)
SKY WATCH



goodweekend
IS THE NUMBER 1 MAGAZINE IN AUSTRALIA FOR ...

ADVERTISING REVENUE
REACHING AB READERS
REACHING READERS WITH A PERSONAL INCOME OF $100K+
REACHING PROFESSIONALS/MANAGERS

SOURCE MMS MEDIALOG JULY 02-JUNE 03, ROY MORGAN RESEARCH JUNE 03

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT TOGETHER WITH THE FINANCIAL REPORT OF JOHN FAIRFAX HOLDINGS LIMITED (THE COMPANY) AND OF THE CONSOLIDATED ENTITY, BEING THE COMPANY AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2003 AND THE AUDITOR'S REPORT THEREON.

DIRECTORS

The directors of the Company in office at the date of this report are:

- Mr Dean Wills, AO
  Independent Chairman
- Mr Mark Burrows
  Independent Director
- Sir Roderick Carnegie, AC
  Independent Director
- Mr Roger Corbett, AM
  Independent Director
  (appointed 4 February 2003)
- Mr David Gonski, AO
  Independent Director
- Mr Frederick G. Hilmer, AO
  Chief Executive Officer
- Ms Margaret Jackson, AC
  Independent Director
  (appointed 1 March 2003)
- Mrs Julia King
  Independent Director
- Mr Ronald Walker, AC, CBE
  Independent Director
  (appointed 4 February 2003)

Mr Brian Powers resigned from the Board on 6 November 2002.

Mr Jonathan Pinshaw resigned from the Board on 12 February 2003.

A profile of each director is included on pages 8 and 9 of this report.

CORPORATE STRUCTURE

John Fairfax Holdings 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 news, information and entertainment publishing and advertising sales in newspaper, magazine and electronic formats.

During the year the consolidated entity acquired the New Zealand publishing assets of Independent Newspapers Limited.

There were no other significant changes in the nature of the consolidated entity during the year.

CONSOLIDATED RESULT

The consolidated profit attributable to the consolidated entity for the financial year was $125,525,000 (2002: $53,660,000).

DIVIDENDS

A final fully franked dividend of 7.0 cents per ordinary share and debenture in respect of the year ended 30 June 2002 was paid on 17 October 2002. This dividend was shown as approved in the previous annual report.

An interim fully franked dividend of 5.0 cents per ordinary share and debenture in respect of the year ended 30 June 2003 was paid on 12 March 2003.

The Board has approved a final fully franked dividend of 8.0 cents per ordinary share and debenture in respect of the year ended 30 June 2003 to be paid on 14 November 2003.

Fully franked PRESSES dividends of $3.3341 and $3.3159 per PRESSES were paid on 12 December 2002 and 12 June 2003 respectively.

REVIEW OF OPERATIONS

A review of the operations of the consolidated entity for the financial year is set out on pages 10 to 13 of this report.

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:

- Fully paid ordinary share capital increased during the year as follows:

	2003 $'000
Institutional placement	305,434
Share issue costs	(7,943)
Share purchase plan	60,787

- On 30 June 2003 the consolidated entity acquired all of Independent Newspapers Limited's New Zealand publishing businesses by way of an asset purchase.

SUBSEQUENT EVENTS

A decision has been reached that the Company will be the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly owned subsidiaries. The timing of the adoption of tax consolidation will be 1 July 2003. The financial effect of this change has not been brought to account in the financial statements for the year ended 30 June 2003. A high level assessment of the implications of the tax consolidation legislation revealed there will be no material adverse impact on the consolidated group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

At the date of this report, there have been several developments in the operation of the consolidated entity that are likely to be finalised during 2003 and 2004. These include:

- implementation of the tax consolidation regime for the Company and its Australian wholly owned controlled entities;
- implementation of a plan to address the adoption of international financial reporting standards from 1 July 2005; and
- the refinancing of its Bridge Financing Facility used to partially fund the acquisition of the publishing assets of Independent Newspapers Limited with long-term committed facilities.

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

The Company maintains its established practice of commissioning an independent expert to audit and report annually with recommendations concerning performance in relation to environmental regulation. Recommendations resulting from these annual audits and reports have been, or are being, implemented and performance against them is reviewed. No material non-compliances with environmental regulation have been identified in any annual report, including the report relating to the current year. The Company is committed to good practice in this area, and where minor aspects of the Company's operations have been identified for further attention, particular recommendations about these areas have been made and are being implemented.

The Company's environmental performance has been further enhanced with the commissioning of its new print facility at Tullamarine which is recognised as an example of environmental best practice. Investments have also been made at the Company's Chullora print facility to improve energy efficiency. The Company continues its strong commitment to newspaper recycling.

ROUNDING

The amounts contained in this report and the financial report have been rounded off under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

OPTIONS

Details of options on issue at 30 June 2003 and movements in options during the financial year are included in Note 27.

At the date of this report, total unissued ordinary shares under options granted by the Company were 10,205,000. There are no unissued shares under option as at the date of this report other than those referred to above. These options do not entitle the holder to participate in any share issue of any other body corporate. From 1 July 2003 to the date of this report, no options over ordinary shares were granted, no shares were issued by virtue of the exercise of options and no options were cancelled.

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 against liabilities incurred by them in their respective capacities in successfully defending proceedings against them.

During or since 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.

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

DIRECTORS' INTERESTS

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

Director	Fully Paid Ordinary Shares	PRESSES	Fully Paid Debentures	Options Over Ordinary Shares
DR Wills	43,947	-	-	-
MD Burrows	15,959	-	-	-
Sir R Carnegie	21,434	-	-	-
RC Corbett	3,947	-	-	-
DM Gonski	25,959	180	-	-
FG Hilmer	126,395	180	-	3,500,000
MA Jackson	14,334	-	-	-
JM King	24,529	180	-	-
RJ Walker	152,864	-	-	-

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Procedures for establishing and reviewing remuneration arrangements are included in the Corporate Governance Statement.

Emoluments of directors for the financial year are as follows:

Director	Directors' Fees $	Audit & Risk Committee Fees $	Base Salary $	Bonus+ $	Other (including Superannuation) $	Total Remuneration $	Options+++ $	Total Emoluments $
DR Wills	102,000	–	–	–	9,150	111,150	–	111,150
MD Burrows	55,000	5,000	–	–	5,400	65,400	–	65,400
Sir R Carnegie	55,000	–	–	–	4,950	59,950	–	59,950
RC Corbett***	23,000	–	–	–	–	23,000	–	23,000
DM Gonski	55,000	5,000	–	–	5,400	65,400	–	65,400
FG Hilmer	–	–	1,036,000	960,000	100,537	2,096,537	166,075	2,262,612
MA Jackson****	18,333	1,667	–	–	2,030	22,030	–	22,030
JM King	55,000	–	–	–	4,950	59,950	–	59,950
RJ Walker***	23,000	–	–	–	2,042	25,042	–	25,042
BM Powers*	50,000	5,000	–	–	6,195	61,195	–	61,195
JS Pinshaw**	59,000	5,000	–	–	6,681	70,681	–	70,681

* Resigned 6 November 2002.

** Resigned 12 February 2003.

*** Appointed 4 February 2003.

****Appointed 1 March 2003.

Emoluments of the five most highly paid executive officers of the Company and the consolidated entity, for the financial year are as follows:

Executive	Base Salary $	Bonus+ $	Redundancy++ $	Other (including Superannuation) $	Total Remuneration $	Options+++ $	Total Emoluments $
M Bayliss, Chief Financial Officer	449,718	300,000	–	69,983	819,701	101,000	920,701
N Dews, CEO *f2* (A)	422,553	1,615,223	876,343	70,199	2,984,318	62,000	3,046,318
P Graham, Group Operations	367,119	150,000	–	97,486	614,605	42,500	657,105
G Hambly, Company Secretary	346,125	200,000	–	73,094	619,219	65,400	684,619
G Hywood, Publisher *The Age* (A)	428,406	175,000	1,729,598	130,943	2,463,947	–	2,463,947

(A) N Dews and G Hywood ceased employment on 1 July 2003.

\+ Also includes the fair value of shares allocated to Executives during the year. Excludes shares allocated during the year in lieu of bonuses accrued in the prior year. The fair value of shares issued is calculated based on the share price on the day the shares were allocated to the employee. There were no shares granted to Directors as part of their remuneration during the year.

++ Fair value of shares included in redundancy payments made to N Dews and G Hywood were $748,725 and $300,000 respectively.

+++ No options were granted to executives or directors as part of their remuneration during the year. The Company has adopted the fair value measurement provisions of ED 108 'Share-based Payment' prospectively for all options granted to directors and relevant executives, which had not vested as at 1 July 2002. The fair value of such grants is amortised and disclosed as part of director and executive emoluments on a consistent basis to the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (ie. forfeitures). For the year ended 30 June 2002, the Company disclosed the fair value of option grants using the Black-Scholes valuation method but did not allocate those values over the vesting period. Rather, the full fair value of the grant would have been disclosed as an emolument in the year of grant, however, no options were granted in that financial year. Refer to Note 27 for further details of assumptions employed.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors during the financial year were:

	Directors' Meetings		Audit & Risk Committee Meetings		Nominations Committee Meetings		Remuneration Committee Meetings	
Director	No. Held*	No. Attended	No. Held*	No. Attended	No. Held*	No. Attended	No. Held*	No. Attended
DR Wills***	8	8	–	3	–	–	2	2
MD Burrows	8	7	5	5	–	–	–	–
Sir R Carnegie***	8	8	–	1	–	–	2	2
RC Corbett***	5	4	–	1	–	–	1	1
DM Gonski	8	8	5	5	–	–	–	–
FG Hilmer**	8	8	–	5	–	–	–	2
MA Jackson	4	2	3	3	–	–	–	–
JM King***	8	7	–	1	–	–	2	2
RJ Walker***	5	5	–	1	–	–	–	–
BM Powers	2	2	2	2	–	–	–	–
JS Pinshaw	4	3	2	2	–	–	–	–

* Reflects the number of meetings held during the time the director held office during the year.

** FG Hilmer attended Audit & Risk and Remuneration Committee Meetings as an invitee of the Committees.

*** Attended meetings as an invitee of the Audit & Risk Committee.

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

David M. Gonski AO
Chairman, Audit and Risk Committee

Frederick G. Hilmer AO
Chief Executive Officer and Director

Sydney, 19 September 2003

CORPORATE GOVERNANCE

A. ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Company has reviewed the ASX Principles of Good Corporate Governance and Best Practice Recommendations for Australian listed companies published on 31 March 2003 (the "ASX Requirements").

From the first reporting period commencing after 1 January 2003 (i.e. the year ended 30 June 2004 for the Fairfax Group), companies will be required to report their corporate governance practices by reference to the ASX Requirements. The ASX Requirements include a number of matters already addressed by the Company. The Company will fully report on the ASX Requirements in its 2004 Annual Report.

The following sets out the Company's position in respect of the ASX Requirements as at the date of this report.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT OVERSIGHT

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

The Board has adopted a Board Charter which sets out the responsibilities of the Board and its structure and governance requirements. A copy of the Charter will shortly be available on the Company's website.

Under the Board Charter, the powers and responsibilities of the Board are to:

- set the strategic direction of the Group;
- provide overall policy guidance and ensure that policies and procedures for corporate governance and risk management are in place with the aim to ensure shareholder funds are prudently managed and that the Group complies with its regulatory obligations and ethical standards;
- set and monitor performance against the financial objectives and performance targets for the Group;
- determine the terms of employment and review the performance of the Chief Executive Officer;
- set and monitor the Group's programmes for succession planning and key executive development with the aim to ensure these programmes are effective;
- approve acquisitions and disposals of assets, businesses and expenditure above set monetary limits; and
- approve any issues of securities, and entering into material finance arrangements, including loans and debt issues.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board has three Board committees: Audit and Risk, Nominations, and Remuneration.

Membership of the Board and its Committees is set out in the table below.

Director	Membership Type	Committee Membership: Audit & Risk	Nomin-ations	Remun-eration
DR Wills	Non-Executive Chairman	**	Chair	**
MD Burrows	Non-Executive	Member	Member	–
Sir R Carnegie	Non-Executive	–	Member	Member
RC Corbett	Non-Executive	–	Member	Member
DM Gonski	Non-Executive	Chair	Member	–
FG Hilmer	CEO	*	–	*
MA Jackson	Non-Executive	Member	Member	–
JM King	Non-Executive	–	Member	Chair
RJ Walker	Non-Executive	–	Member	–

* The Chief Executive Officer attends by invitation.

** The Chairman is an ex-officio member.

The qualifications and other details of each member of the Board are set out on pages 8 and 9 of this report.

At the date of this report the Board is made up of nine directors. Except for the Chief Executive Officer, all directors (including the Chairman) are considered by the Board to be independent, non-executive directors.

The Constitution requires that the Board has a minimum of three Directors and maximum of twelve or such lower number as the Board may determine from time to time. The Board has resolved that presently the maximum number of directors is nine.

The Constitution authorises the Board to appoint directors to vacancies and to elect the Chairman. One-third of directors (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.

When a vacancy arises on the Board, the Nominations Committee will review potential candidates. The Committee may seek expert external advice on suitable candidates.

The Board has adopted a formal Charter for the Nominations Committee. Under the Charter, the Committee uses the following principles to recommend candidates and provide advice and other recommendations to the Board:

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

A copy of the Nominations Committee Charter will shortly be available on the Company's website.

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

INDEPENDENT DIRECTORS

Under the Board Charter the majority of the Board and the Chairman must be independent.

Directors have determined that all directors except the Chief Executive Officer are independent on the basis of the following criteria:

(a) the director has no material relationship with Fairfax (either directly, or as a partner, shareholder, or executive officer of an organisation that has a material relationship with Fairfax) except as a director of the Company;

(b) the director is not, and has not been within the previous three years:

  (i) employed by, or a partner in, any firm that in the past three years has been Fairfax's external auditor; or

  (ii) been employed by Fairfax, or a company in the Fairfax Group

(c) no immediate family member of the director is, or has in the past three years, been an executive officer of Fairfax or employed by, or a partner of, any firm that has been Fairfax's external auditor within the past three years; and

(d) the director has no interest or other relationship which could or could be reasonably perceived to materially interfere with the director's ability to act in the best interest of the Company.

AUDIT AND RISK COMMITTEE

The Board has had an Audit and Risk Committee since 1992. The Committee operates in accordance with a written charter which sets out its role and functions which are, in summary, 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 economic entity and to monitor the quality and reliability of financial information for the Group. To carry out this role the Committee:

- appoints the external auditor, reviews its performance, independence and effectiveness, approves the auditors' 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 and oversees key finance and treasury functions;
- seeks to ensure there is an appropriate framework for compliance with all legal and regulatory requirements and monitors performance against these requirements;
- reviews the audit process with the external auditor including in the absence of management to ensure full and frank discussion of audit issues; and
- recommends to the Board the appointment and tenure of the Internal Audit Manager, reviews the Internal Audit Manager's performance, approves the internal audit plan, receives summaries of significant reports prepared by internal audit and meets with the Internal Audit Manager (including in the absence of management if considered necessary).

All Audit and Risk Committee members must be non-executive directors. Executives may attend on invitation. The Chairman of the Committee is required to have relevant financial expertise and not be the Chairman of the Board.

The Chairman of the Committee may, at the Company's expense, obtain such external expert advice and obtain assistance and information from officers of the Group as is reasonably required from time to time.

A copy of the Audit and Risk Committee Charter will shortly be available on the Company's website.

CHARTER OF AUDIT INDEPENDENCE

The Board has also adopted a Charter of Audit Independence, a copy of which is available on the Company's website.

The purpose of this Charter is to provide a framework for the Board and management to aim to ensure that the statutory 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.

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

The Company requires the auditor to rotate the senior audit partner for the Company at least every five years. The Company's audit partner was last changed for the 2002 year end audit.

The Audit and Risk 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 and to confirm that the auditor has no financial or material business interests in the Company outside of the supply of professional services.

PRINCIPLE 3: ETHICAL AND RESPONSIBLE DECISION MAKING

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

The Company is in the process of developing a Code of Conduct that will apply to all of its employees, directors and consultants. The Code is intended to assist in upholding ethical standards and conducting business in accordance with applicable laws.

The Code, when finalised, will be available on the Company's website.

The Code will also set out the responsibility of individuals for reporting Code breaches.

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

The Company policies and standards include privacy, computer use, capital expenditure, recruitment, equal opportunity and other standards of workplace behaviour.

PRINCIPLE 4: INTEGRITY IN FINANCIAL REPORTING

As well as the principles set out in the Audit and Risk Committee Charter and the Charter of Audit Independence, the Company has implemented a structure to verify and safeguard the integrity of its financial reporting.

The Chief Executive Officer and the Chief Financial Officer provide a written statement to the Board that to the best of their knowledge and belief, the Company's published financial reports present a true and fair view, in all material respects, of the Company's financial condition and that the operational results are in accordance with relevant accounting standards.

This statement to the Board is 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.

PRINCIPLE 5: TIMELY AND BALANCED DISCLOSURE

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 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.

The Chief Executive Officer, the Chief Financial Officer, the Manager, Corporate Affairs 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 communication on behalf of the Company to the 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. The Disclosure Officers are also 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 Management Team is responsible to ensure staff understand and comply with the policy.

All ASX and press releases containing important material information must be approved by a Disclosure Officer and the Chairman of the Board or the Chairman of the Audit and Risk Committee before release to the market.

A copy of the Market Disclosure Policy will shortly be available on the Company's website.

PRINCIPLE 6: RESPECT FOR THE RIGHTS OF SHAREHOLDERS

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

Company announcements, annual reports, notices of meetings, analyst and investor briefings, financial results and other information useful to investors such as press releases are placed on the Company's website as soon as practical after release to the ASX.

The Chairman's and the Chief Executive Officer's addresses and the results of resolutions of meetings of shareholders, are also posted on the Company's website.

The Company requests its external auditor to attend the Annual General Meeting to answer shareholder questions about the audit and the audit report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board has set an internal control framework summarised as follows:

- Financial reporting – there is a comprehensive budget process with the annual budget approved by the Board. Weekly and monthly financial results are reviewed against budget. The consolidated entity reports to shareholders half-yearly.
- Operating unit controls – financial controls and procedures including information systems controls are set out in procedures manuals and are built into key financial systems. Management reports to the Board regularly on material business issues including financial results.

- Investment appraisal – the Group has formal guidelines for capital expenditure and contract negotiations. These include annual budgets, appraisal and review procedures, levels of authority and due diligence where assets are being acquired or divested. All major contracts require legal and tax review by qualified staff or external advisers.
- Treasury policy – the policy sets out procedures for the management of foreign currency and interest rate exposure, liquidity and credit risk. This policy restricts transactions to those for hedging purposes only and segregates implementation of transactions from account monitoring and settlement.

Under the direction of the Audit and Risk Committee, the Company has established an internal audit function. Assisted by external experts, the function undertakes regular reviews of significant risk areas over a three year cycle. The internal audit function and its reporting structure are fully compliant with the guidance provided in Principle 7 of the ASX Requirements.

Principle 7 sets out some specific requirements in addition to the Company's established approach to risk management and internal control. The Company is investigating options to address these requirements and is aiming to be fully compliant by 30 June 2004.

PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE

Employees, including key executives, annually review with their manager performance goals for the financial year and participate in annual performance reviews where achievement of key goals is discussed and assessed.

The Board will regularly review its performance and that of individual directors.

PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration Committee of the Board meets annually and otherwise as required to review remuneration policies including remuneration of the Chief Executive Officer and directors. Remunerations are competitively set to attract qualified and experienced candidates. The Committee may obtain independent advice on the appropriateness of remuneration packages. The Chief Executive Officer is invited to Committee meetings as required to discuss management performance and remuneration.

The Committee annually approves the remuneration packages and any bonus payments to the direct reports of the Chief Executive Officer.

Executive remunerations include a bonus component which is payable according to performance of the individual executive, the financial performance of the Company and the financial performance of the business unit relevant to the executive.

The current remuneration for non-executive directors is set by resolution of shareholders at $700,000 per annum in aggregate. Within this limit, the Board determines directors' remuneration with advice from the Remuneration Committee. The Board also takes into account survey data on directors' fees paid by comparable companies, and expert advice commissioned from time to time.

A copy of the Charter of the Remuneration Committee will shortly be available on the Company's website.

PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

As well as its responsibility to shareholders, the Company is acutely aware of its responsibilities to employees, customers and clients. The Group aims to serve the readers of its publications through high quality, independent journalism predicated on truth, accuracy, integrity, fairness and balance.

A free and independent press is essential to the operation of a proper democracy, and to the proper functioning of a market economy. Fairfax publications are important voices in their communities and nationally, and play an indispensable role in Australia's media landscape. We believe that regard for the Company and commercial success flow directly from adherence to these values.

B. DIRECTORS' DEALINGS IN COMPANY SHARES

By resolution of the Board each non-executive director sacrifices at least 25% per annum of his or her director's fees to the Company's Employee Share Acquisition Scheme. Under this Scheme, shares are purchased on-market by an independent trustee on behalf of directors and employees who have salary sacrificed to participate in the Scheme. Share acquisition dates are pre-set and determined by the trustee.

Consistent with the law, directors must not trade directly or indirectly in Fairfax securities while in possession of unpublished price sensitive information.

Price sensitive information is information, usually about the Company or its intentions which a reasonable person would expect to have a material effect on the price or value of Company securities.

A director must not trade in the securities without first reviewing the matter with the Group General Counsel/Company Secretary and notifying the Chairman.

Notwithstanding the above, it is the responsibility of the individual director to reasonably consider whether he or she is in possession of price sensitive information and when in doubt the director should not trade thus minimising the possibility of a perception of improper trading.

A director must notify the Company Secretary of any change in the director's legal or beneficial interest in Company securities so as to ensure compliance with the disclosure requirements of the ASX Listing Rules.

C. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors during the financial year are included in the Directors' Report.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

FINANCIAL PERFORMANCE

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Revenues from ordinary activities, excluding interest income	2	**1,216,645**	1,191,273	**238,410**	162,053
Share of net profits/(losses) of associates	2	**1,231**	(881)	**–**	–
Expenses from ordinary activities, excluding depreciation and borrowing costs	3	**(947,409)**	(1,001,756)	**(86,824)**	(65,097)
Profit from ordinary activities before depreciation, interest income, borrowing costs and income tax		**270,467**	188,636	**151,586**	96,956
Depreciation and amortisation	3	**(69,209)**	(67,070)	**(6,140)**	(6,027)
Profit from ordinary activities before interest income, borrowing costs and income tax		**201,258**	121,566	**145,446**	90,929
Interest income	2	**9,322**	6,492	**143,829**	124,147
Borrowing costs	3	**(32,811)**	(36,212)	**(129,461)**	(105,569)
Profit from ordinary activities before income tax expense		**177,769**	91,846	**159,814**	109,507
Income tax (expense) relating to ordinary activities	4	**(52,023)**	(38,186)	**(2,094)**	(9,385)
Net profit		**125,746**	53,660	**157,720**	100,122
Net profit attributable to outside equity interest	21	**(221)**	–	**–**	–
Net profit attributable to members of the Company*	20	**125,525**	53,660	**157,720**	100,122
Net increase in asset revaluation reserve	19	**1,885**	–	**–**	–
Net exchange difference on translation of financial report of foreign controlled entities	19	**272**	24	**–**	–
Share/PRESSES issue costs	18	**(7,943)**	(8,049)	**(7,943)**	(8,049)
Total revenues, expenses and valuation adjustments attributable to members of the Company and recognised directly into equity		**(5,786)**	(8,025)	**(7,943)**	(8,049)
Total changes in equity other than those resulting from transactions with owners		**119,739**	45,635	**149,777**	92,073
Basic earnings per share (cents)	22	**14.40**	6.17		
Diluted earnings per share (cents)	22	**14.40**	6.16		
* **Net profit attributable to members of the Company comprises:**					
Ongoing operations		**125,525**	90,203	**157,720**	100,122
Significant items referred to in Note 3(d), net		**–**	(36,543)	**–**	–
		125,525	53,660	**157,720**	100,122

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

FINANCIAL POSITION

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Current assets					
Cash assets		**19,446**	7,299	**14,566**	11,205
Receivables	6	**257,481**	196,048	**5,040**	7,495
Inventories	7	**40,903**	26,617	**–**	–
Other financial assets	9	**1,008**	–	**–**	–
Tax assets	12	**221**	50,789	**16**	–
Total current assets		**319,059**	280,753	**19,622**	18,700
Non-current assets					
Receivables	6	**2,239**	2,994	**1,267,333**	852,525
Investments accounted for using the equity method	8	**6,419**	3,303	**–**	–
Other financial assets	9	**35,357**	8,978	**83,356**	83,356
Property, plant and equipment	10	**819,726**	704,502	**30,911**	26,722
Intangible assets	11	**2,203,888**	1,259,399	**196**	196
Tax assets	12	**39,463**	54,743	**2,993**	4,109
Total non-current assets		**3,107,092**	2,033,919	**1,384,789**	966,908
Total assets		**3,426,151**	2,314,672	**1,404,411**	985,608
Current liabilities					
Payables	13	**278,634**	178,749	**17,571**	10,917
Interest-bearing liabilities	14	**645,608**	5,405	**–**	–
Current tax liabilities	15	**–**	–	**–**	162
Provisions	16	**49,500**	91,698	**3,564**	54,320
Total current liabilities		**973,742**	275,852	**21,135**	65,399
Non-current liabilities					
Non interest-bearing liabilities	17	**972**	19,066	**–**	–
Interest-bearing liabilities	14	**574,154**	587,965	**–**	–
Deferred tax liabilities	15	**60,418**	56,611	**–**	–
Provisions	16	**35,103**	30,728	**2,896**	2,857
Total non-current liabilities		**670,647**	694,370	**2,896**	2,857
Total liabilities		**1,644,389**	970,222	**24,031**	68,256
Net assets		**1,781,762**	1,344,450	**1,380,380**	917,352
Equity					
Contributed equity	18	**1,229,492**	870,804	**1,229,492**	870,804
Reserves	19	**7,096**	4,939	**–**	–
Retained profits	20	**540,852**	468,707	**150,888**	46,548
Total parent entity interest in equity		**1,777,440**	1,344,450	**1,380,380**	917,352
Total outside equity interest	21	**4,322**	–	**–**	–
Total equity		**1,781,762**	1,344,450	**1,380,380**	917,352

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

CASH FLOWS

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Cash flows from operating activities					
Receipts from customers		**1,337,086**	1,317,592	**–**	–
Payments to suppliers and employees		**(1,060,087)**	(1,044,588)	**(78,015)**	(39,646)
Redundancy and severance payments		**(17,578)**	(11,171)	**–**	–
Dividends and unit trust income received		**527**	360	**–**	–
Interest received		**9,322**	6,492	**22**	23
Borrowing costs paid		**(32,550)**	(37,623)	**(15)**	(229)
Net income taxes received/(paid)		**17,632**	(95,242)	**28**	(10,371)
Net cash provided by/(used in) operating activities	32(b)	**254,352**	135,820	**(77,980)**	(50,223)
Cash flows from investing activities					
Payment for property, plant and equipment		**(187,185)**	(118,183)	**(11,920)**	(32,048)
Proceeds from sale of property, plant and equipment		**5,813**	582	**16**	–
Payment for investments		**(4,632)**	(199)	**–**	–
Proceeds from sale of investments		**1,946**	966	**–**	–
Proceeds from sale of controlled entities	32(d)	**–**	15,905	**–**	–
Costs associated with the sale of controlled entities	32(d)	**–**	(3,551)	**–**	–
Payment for mastheads and tradenames		**–**	(6,423)	**–**	–
Payment for mastheads and tradenames and working capital of the New Zealand publishing business of Independent Newspapers Limited	32(c)	**(938,693)**	–	**–**	–
Loans and deposits repaid		**303**	5,007	**–**	–
Advances (to) controlled entities		**–**	–	**(160,606)**	(55,287)
Net cash (used) in investing activities		**(1,122,448)**	(105,896)	**(172,510)**	(87,335)
Cash flows from financing activities					
Proceeds from issue of shares		**366,631**	657	**366,631**	657
Proceeds from the issue of PRESSES		**–**	250,000	**–**	250,000
Transaction costs from issue of shares/PRESSES		**(7,943)**	(8,049)	**(7,943)**	(8,049)
Dividends paid		**(104,837)**	(92,811)	**(104,837)**	(92,811)
Proceeds from borrowings		**666,903**	130,000	**–**	–
Repayment of borrowings		**(40,511)**	(310,964)	**–**	–
Net cash provided by/(used in) financing activities		**880,243**	(31,167)	**253,851**	149,797
Net increase/(decrease) in cash held		**12,147**	(1,243)	**3,361**	12,239
Cash at the beginning of the financial year		**7,299**	8,542	**11,205**	(1,034)
Cash at the end of the financial year	32(a)	**19,446**	7,299	**14,566**	11,205

NOTES
TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

1. STATEMENT OF ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Corporations Act 2001. The report has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets.

The accounting policies have been applied consistently by each entity in the consolidated entity and are consistent with those of the previous year except for the accounting policies with respect to provisions, contingent liabilities and contingent assets, foreign currency translation and employee benefits.

Certain comparative figures have been restated to conform with changes in presentation for the current year.

(b) CHANGES IN ACCOUNTING POLICIES

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The consolidated entity has applied AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time from 1 July 2002.

Dividends are now recognised at the time that they are declared, determined or publicly recommended. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date.

The adjustments to the consolidated financial report as at 1 July 2002 as a result of this change are:

$51.457 million increase to opening retained profits

$51.457 million decrease to the provision for dividends

In accordance with the new standard no provision for dividend has been recognised for the year ended 30 June 2003.

Comparatives have not been adjusted to reflect this change in accounting policy.

FOREIGN CURRENCY TRANSLATION

The consolidated entity has applied the revised AASB 1012 Foreign Currency Translation for the first time from 1 July 2002.

The consolidated entity uses forward foreign exchange contracts and cross currency swaps to hedge specific foreign currency commitments and foreign currency denominated loans. Previously, these hedges for future commitments were not recorded in the Statement of Financial Position. The unrealised gain or loss on the hedges for future commitments are recorded in the Statement of Financial Position.

There is no impact to the Statement of Financial Performance as a result of this change in accounting policy.

The impact of this change in accounting policy in the Statement of Financial Position as at 30 June 2003 is an increase in assets and liabilities of $27.4 million (2002: $67 million). In addition, a net hedge payable of $6.7 million has also been recorded in the Statement of Financial Position as at 30 June 2003.

Comparatives have not been adjusted to reflect this change in accounting policy.

EMPLOYEE BENEFITS

The consolidated entity has adopted the revised AASB 1028 Employee Benefits, which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. There was no material adjustment to employee benefit liabilities as a result of the revised policy.

1. STATEMENT OF ACCOUNTING POLICIES continued

(c) PRINCIPLES OF CONSOLIDATION

The financial report of the consolidated entity comprise the accounts of the Company, John Fairfax Holdings Limited, and its controlled entities.

Where control of an entity either began or ceased during a financial year, its results are included in consolidated operating profit only from the date control commenced or until the date control ceased.

All inter-entity balances and transactions, and unrealised profits arising from intra consolidated entity transactions, have been eliminated in full.

(d) CASH AND CASH EQUIVALENTS

Cash on hand and in banks and short-term deposits are stated at nominal values.

(e) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Receivables are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down.

(f) INVENTORIES

Inventories including work in progress are valued at the lower of cost and estimated 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.
- In the case of other inventories, cost is assigned by the weighted average cost method.

A provision for diminution in value of inventories exists to cover a decline in value which might arise from the effects of storage hazards.

(g) INVESTMENTS

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. Other investments are carried at the lower of cost or recoverable amount. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed based upon the present value of expected future cash flows or the estimated fair value of underlying net assets of the particular entities. Dividends are only recognised when they have been declared, determined or recommended before reporting date.

(h) PROPERTY, PLANT AND EQUIPMENT

COST

Items of property, plant and equipment are recorded at cost and depreciated as outlined below. Costs arising from the acquisition or construction of fixed assets, including internal labour and interest, are capitalised as part of the cost. Directly attributable costs are also capitalised to the asset.

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 cash flows.

LEASING

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to the consolidated entity are classified as finance leases.

Finance leases are capitalised and recorded as an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest for the period.

Operating leases, where the lessor effectively retains all the risk and benefits of ownership of the leased asset, are not capitalised.

Rental payments are charged as an expense in the periods to which they relate.

DEPRECIATION AND AMORTISATION

Depreciation is determined using the straight-line method of calculation. It is calculated on the cost recorded for buildings and plant and equipment so as to write off the asset over its estimated useful life. In the case of land, no provision for depreciation has been made.

Estimated useful lives of property, plant and equipment on which depreciation charges are based are as follows:

- Buildings – up to 40 years
- Presses – up to 20 years
- Other production equipment – up to 15 years
- Other equipment – up to 40 years

Leased assets are amortised over the life of the relevant lease, or where it is likely that the Company will obtain ownership of the asset, over the useful life of the asset.

(i) INTANGIBLES

Mastheads and tradenames are carried at cost and are not amortised. In accordance with AASB 1021 Depreciation, no amortisation is provided against the carrying value of these assets because the directors believe that the life of these assets is of such duration and the residual value would be such that the amortisation charge is not material.

1. STATEMENT OF ACCOUNTING POLICIES continued

(j) TRADE AND OTHER PAYABLES

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(k) EMPLOYEE BENEFITS

Provision has been made for salaries and wages, holiday pay, long service leave and other entitlements payable to employees under statutory and contractual requirements. The provision has been allocated into current and non-current proportions. The current proportion relates to the amount of the provision which is expected to be payable in the ensuing 12 months and is measured in nominal value based on remuneration rates which are expected to be paid when the liability is settled. The non-current proportion relates to entitlements which are expected to be payable after twelve months from balance date and are measured at the present value of the expected future cash outflows. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

The value of the employee share plans described in Note 27 is not charged as an employee benefits expense.

In respect of the consolidated entity's defined benefits superannuation plans, any contributions made to the superannuation plans by entities within the consolidated entity are recognised against profits when due.

(l) PROVISIONS

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other 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.

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

(m) LOANS AND BORROWINGS

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Bills of exchange and promissory notes are carried at the principal amount plus deferred interest.

Finance lease liability is determined in accordance with the requirements of AASB 1008 Leases.

(n) 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.

(o) SHARE CAPITAL

Ordinary share capital and Preferred Reset Securities Exchangeable for Shares (PRESSES) are recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of share capital are recognised directly in equity as a reduction of the share proceeds received.

(p) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the amount of the revenue can be reliably measured. Advertising and circulation revenue from sale of newspapers, magazines and other publications is recognised on publication. Revenue for the rendering of services is recognised when control of a right to be compensated for the services has been attained and the stage of completion of the service contract can be reliably measured. Stage of completion is measured by reference to the services performed to date as a percentage of total estimated services to be performed for each contract. If a contract outcome cannot be reliably measured revenue is recognised only to the extent that costs have been incurred.

Revenue from dividends and distribution from controlled entities are recognised by the parent entity when they are declared by the controlled entities.

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

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1. STATEMENT OF ACCOUNTING POLICIES continued

(q) TAXES

INCOME TAX

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cashflows.

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

(r) FOREIGN CURRENCY

Foreign currency transactions are initially converted to Australian currency at the rate of exchange ruling on the date of the transaction or, where appropriate, at rates specified under forward exchange contracts. Amounts payable and receivable at balance date are translated at rates applicable at that date.

Except for certain specific hedges and hedges of foreign currency operations, all resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit for the financial year. Transaction costs, premiums and discounts on forward currency contracts are deferred and amortised over the life of the contract.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Statement of Financial Performance.

The accounts of overseas subsidiaries are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(s) DERIVATIVES

The consolidated entity uses derivative financial instruments to hedge interest rate and foreign exchange risks. Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure. Derivative financial instruments are not held for speculative purposes.

INTEREST RATE SWAPS AND FORWARD RATE AGREEMENTS

Interest payments and receipts under interest rate swap contracts and realised gains and losses on forward rate agreements are recognised on an accruals basis in the Statement of Financial Performance as an adjustment to interest expense during the period.

INTEREST RATE OPTIONS

Interest rate options are used to hedge interest rate exposures. The premiums paid or received on interest rate options and any realised gains or losses on exercise are amortised to interest expense over the terms of the agreements.

FORWARD FOREIGN EXCHANGE CONTRACTS

The accounting for forward foreign exchange contracts is set out in Note 1(r).

(t) BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, 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. The weighted average rate used for the year ended 30 June 2003 was 7.20% (2002: 6.86%).

(u) FINANCIAL INSTRUMENTS INCLUDED IN EQUITY

The $250 million of Preferred Reset Securities Exchangeable for Shares (PRESSES) has been classified as equity and the coupon interest payable on the PRESSES is treated as a distribution of shareholders equity. The Statement of Financial Performance does not include the coupon interest on the PRESSES.

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
2. REVENUE FROM ORDINARY ACTIVITIES					
Revenue from operating activities					
Revenue generated from sale of:					
Newspapers		**1,044,825**	1,007,978	**–**	–
Magazines		**114,652**	113,544	**–**	–
Other		**37,991**	45,602	**867**	1,721
		1,197,468	1,167,124	**867**	1,721
Revenue from rendering of services		**10,891**	7,346	**90,942**	66,932
Dividend income:					
Wholly owned controlled entities		**–**	–	**146,585**	93,400
Other corporations		**200**	–	**–**	–
Distributions from unit trusts		**327**	360	**–**	–
Underlying revenue from ordinary activities		**1,208,886**	1,174,830	**238,394**	162,053
Revenue from non-operating activities					
Proceeds from sale of property, plant and equipment		**5,813**	538	**16**	–
Proceeds from sale of investments		**1,946**	–	**–**	–
Proceeds from sale of controlled entities		**–**	15,905	**–**	–
		1,216,645	1,191,273	**238,410**	162,053
Interest income:					
Wholly owned controlled entities		**–**	–	**143,807**	124,124
Other persons/corporations		**9,322**	6,492	**22**	23
Total revenue from ordinary activities		**1,225,967**	1,197,765	**382,239**	286,200
Share of associate's net profit/(losses) accounted for using the equity method	8	**1,231**	(881)	**–**	–
3. EXPENSES FROM ORDINARY ACTIVITIES					
(a) Expenses by nature					
Staff costs excluding staff redundancy costs		**399,707**	409,802	**30,347**	26,830
Newsprint and paper		**201,013**	211,606	**–**	–
Distribution and other production costs		**131,562**	130,532	**–**	172
Promotion and advertising costs		**42,968**	50,728	**2**	116
Write-down of non-current assets		**4,745**	8,755	**–**	–
Cost of disposals		**5,642**	21,419	**22**	–
Staff redundancy costs		**8,012**	4,405	**5,163**	–
Rent and outgoings		**22,946**	21,728	**15,549**	7,181
Repairs and maintenance		**14,103**	13,736	**4,638**	5,386
Communication costs		**10,150**	11,898	**2,151**	1,911
News services		**7,080**	10,579	**31**	23
Computer costs		**7,445**	7,497	**4,094**	4,100
Fringe benefits tax		**4,838**	5,339	**450**	437
Other expenses from ordinary activities		**87,198**	93,732	**24,377**	18,941
Total expenses before borrowing costs, depreciation and amortisation		**947,409**	1,001,756	**86,824**	65,097
Less significant cost items	3(d)	**–**	57,808	**–**	–
Underlying expenses from ordinary activities		**947,409**	943,948	**86,824**	65,097

3. EXPENSES FROM ORDINARY ACTIVITIES continued

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
(b) Detailed expense disclosures				
Interest expense:				
Wholly owned controlled entities	**–**	–	**129,446**	105,340
Other persons/corporations	**26,009**	29,403	**15**	229
Finance charges on capitalised leases	**6,802**	6,809	**–**	–
Total borrowing costs	**32,811**	36,212	**129,461**	105,569
Depreciation of freehold property	**3,102**	1,821	**–**	–
Depreciation of plant and equipment	**64,505**	62,593	**6,140**	6,027
Amortisation of leasehold property	**1,602**	1,456	**–**	–
Amortisation of goodwill	**–**	1,200	**–**	–
Total depreciation and amortisation	**69,209**	67,070	**6,140**	6,027
Cost of sales	**454,336**	455,261	**–**	–
Amounts provided for:				
Employee benefits	**38,133**	33,013	**3,166**	2,881
Doubtful trade debts	**(85)**	2,164	**–**	–
Other	**3,457**	763	**–**	–
Total amounts set aside to provisions	**41,505**	35,940	**3,166**	2,881
Operating lease rental expense	**16,791**	15,476	**15,128**	6,409
Superannuation contributions – Defined benefit fund	**1,652**	1,704	**–**	–
(c) Gains/(Losses)				
Net foreign exchange profit	**–**	44	**–**	44
Net profit/(loss) on disposal of property, plant & equipment	**2,020**	(424)	**(5)**	–
Net profit on disposal of other assets	**97**	–	**–**	–
Net (loss) on disposal of controlled entity	**–**	(13,500)	**–**	–
(d) Significant items				
Profit from ordinary activities before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated entity:				
Proceeds from sale of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd	**–**	15,905	**–**	–
Cost base of investment	**–**	(25,854)	**–**	–
Costs associated with the sale of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd	**–**	(3,551)	**–**	–
Loss on disposal	**–**	(13,500)	**–**	–
Income tax benefit applicable	**–**	1,967	**–**	–
Staff redundancy, asset write-downs and other costs associated with the closure of CitySearch Directories	**–**	(24,403)	**–**	–
Income tax benefit applicable	**–**	3,393	**–**	–
Write-down of non-current assets	**–**	(4,000)	**–**	–
Net significant items after tax	**–**	(36,543)	**–**	–
Significant items before income tax	**–**	(41,903)	**–**	–
Income tax benefit	**–**	5,360	**–**	–
	–	(36,543)	**–**	–

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
4. INCOME TAX				
The prima facie tax on profit from ordinary activities is reconciled to the income tax provided in the accounts as follows:				
Prima facie tax on profit from ordinary activities	**53,331**	27,554	**47,944**	32,852
Tax effect of permanent differences:				
Share of net (profits)/losses of associates	**(369)**	264	**–**	–
Capital losses not deductible	**–**	4,085	**–**	–
Write-off of future income tax benefit	**–**	3,125	**–**	–
Non deductible depreciation and amortisation	**171**	397	**–**	–
Shares/PRESSES issue costs	**(962)**	(482)	**(962)**	(482)
Rebateable dividends/franking credits	**–**	–	**(43,975)**	(28,020)
Net loss attributable to change in income tax rate	**–**	3,021	**–**	443
(Over)/underprovision from prior years	**(387)**	83	**(1,007)**	5,091
Other	**239**	139	**94**	(499)
Income tax expense relating to ordinary activities	**52,023**	38,186	**2,094**	9,385

John Fairfax Holdings Limited and its wholly owned Australian controlled entities have conducted a high level assessment of the implications of the tax consolidation legislation. The assessment reveals that adoption of tax consolidation will have no material adverse impact on the consolidated group. A decision has been reached to enter into the tax consolidation regime on 1 July 2003.

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
5. DIVIDENDS PAID AND PROPOSED					
Dividends paid during the year					
Fully franked interim dividend of 5.0 cents per share/debenture paid 12 March 2003 (2002: 4.5 cents fully franked, paid 16 March 2002)		**36,755**	33,078	**36,755**	33,078
Fully franked final dividend of 7.0 cents per share/debenture paid 17 October 2002		**51,457**	–	**51,457**	–
Fully franked PRESSES dividend of $3.3341 per share paid 12 December 2002		**8,335**	–	**8,335**	–
Fully franked PRESSES dividend of $3.3159 per share paid 12 June 2003 (2002: $3.3159 per share franked, paid 12 June 2002)		**8,290**	8,290	**8,290**	8,290
Dividends proposed and recognised as a liability					
Fully franked final dividend proposed of 7.0 cents per share/debenture paid 17 October 2002		**–**	51,457	**–**	51,457
Underprovision of prior year final dividend		**–**	1	**–**	1
Total franked dividends provided for or paid	20	**104,837**	92,826	**104,837**	92,826

Dividends proposed and not recognised as a liability

Since the balance date the directors have recommended the payment of a final dividend of 8.0 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the proposed final dividend expected to be paid on 14 November 2003 out of retained profits at 30 June 2003, but not recognised as a liability at the end of the year as a result of the change in accounting policy for providing for dividends (Note 1(b)) is $69.4 million.

5. DIVIDENDS PAID AND PROPOSED continued

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the end of the financial year at 30% (2002: 30%)	**190,121**	256,900	**21,284**	3,475
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**–**	–	**–**	162
Franking debits that will arise from tax receivable as at the end of the financial year	**(221)**	–	**(16)**	–
	189,900	256,900	**21,268**	3,637

As of 1 July 2002, the new imputation system requires the Company's franking credits to be expressed on a tax-paid basis. On this basis the Company's franking account balance is $190.1 million. From this amount, $29.7 million franking credits will be used to pay a fully franked dividend of $69.4 million on 14 November 2003. The franking account surplus existing at 30 June 2003 of $443.6 million is converted to a tax-paid amount by multiplying the franking account surplus by 30/70.

6. RECEIVABLES

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Current				
Trade debtors	**244,016**	179,985	**–**	–
Provision for doubtful debts	**(10,436)**	(12,744)	**–**	–
	233,580	167,241	**–**	–
Loans and deposits	**874**	1,788	**613**	1,617
Other debtors and prepayments	**23,027**	27,019	**4,427**	5,878
Total current receivables	**257,481**	196,048	**5,040**	7,495
Non–current				
Amounts receivable from wholly-owned controlled entities	**–**	–	**1,267,333**	852,525
Loans and deposits	**328**	763	**–**	–
Prepayments	**1,911**	2,231	**–**	–
Total non-current receivables	**2,239**	2,994	**1,267,333**	852,525

7. INVENTORIES

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Current				
Raw materials and stores, at cost	**28,213**	26,932	**–**	–
Finished goods	**13,004**	–	**–**	–
Provision for diminution in value	**(314)**	(315)	**–**	–
Total inventories	**40,903**	26,617	**–**	–

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Carrying amount of investment in associate	**6,419**	3,303	**–**	–

The consolidated entity has a 44.7% ownership interest in Australian Associated Press Pty Limited (AAP) (formerly AAP Information Services Pty Limited). The principal activities of AAP are operating the business of a news agency, disseminating news and information to media and business communities, providing and maintaining communications networks and facilities, and developing communications technology.

	Consolidated **2003** $000	Consolidated 2002 $000
Share of associate's profits/(losses)		
Share of associate's profit/(loss) before income tax	**1,759**	(1,259)
Share of associate's income tax (expense)/benefit attributable to profit	**(528)**	378
Share of associate's net profit/(loss)	**1,231**	(881)
Carrying amount of investment in associate		
Balance at the beginning of the year	**3,303**	4,184
Share of associate's net profit/(loss)	**1,231**	(881)
Share of associate's reserve increment	**1,885**	–
Balance at the end of the year	**6,419**	3,303
Retained profits/(losses) of the consolidated entity attributable to associate		
Balance at the beginning of the year	**(13,937)**	(13,056)
Share of associate's net profit/(loss)	**1,231**	(881)
Balance at the end of the year	**(12,706)**	(13,937)
Reserves of the consolidated entity attributable to associate		
Balance at the beginning of the year	**–**	–
Share of associate's reserves	**1,885**	–
Balance at the end of the year	**1,885**	–
Share of associate's assets and liabilities		
Current assets	**11,349**	8,959
Non-current assets	**12,581**	14,256
Current liabilities	**(7,429)**	(7,602)
Non-current liabilities	**(77)**	(293)
Net assets	**16,424**	15,320

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
9. OTHER FINANCIAL ASSETS				
Current				
Deferred hedge loss	**1,008**	–	**–**	–
Non-current				
Shares in other (unlisted) at cost	**3,556**	8,331	**–**	–
Shares in other (listed) at cost	**3,760**	–	**–**	–
Shares in controlled entities not listed on a prescribed stock exchange, at cost	**–**	–	**83,356**	83,356
Interests in unit trusts, at cost	**647**	647	**–**	–
Cross currency swap receivable	**27,394**	–	**–**	–
Total non-current other financial assets	**35,357**	8,978	**83,356**	83,356

Included in listed shares at cost is the following material investment:

Text Media Group Limited

John Fairfax Holdings Limited acquired a 10.52% interest in Text Media Group Limited on 25 March 2003. The carrying amount of this investment as at 30 June 2003 is $3.760 million.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
10. PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings				
At cost	**184,114**	108,645	**–**	–
Provision for depreciation	**(5,329)**	(21,257)	**–**	–
	178,785	87,388	**–**	–
Leasehold buildings				
At cost	**57,590**	55,049	**–**	–
Provision for amortisation	**(10,791)**	(7,886)	**–**	–
	46,799	47,163	**–**	–
Plant and equipment				
At cost	**1,021,240**	687,305	**50,314**	39,471
Provision for depreciation	**(460,273)**	(393,966)	**(19,403)**	(12,749)
	560,967	293,339	**30,911**	26,722
Capital works in progress, at cost	**33,175**	276,612	**–**	–
Total property, plant and equipment	**819,726**	704,502	**30,911**	26,722

Assets pledged as security

Assets under lease (leasehold buildings) are pledged as security for the associated lease liabilities. Detail of this facility can be found in Note 14.

Valuation

The latest independent valuation of freehold land and buildings in Australia was performed as at 30 June 2003 by Gary R Longden AAPI, Director of Investment Advisory Services at Jones Lang LaSalle and was performed on the basis of existing use value. Freehold land and buildings in Australia were valued at a total amount of $162.9 million. This valuation is in excess of the carrying value of freehold land and buildings and has not been booked. This valuation excludes the recently acquired assets in New Zealand.

Capitalised borrowing costs

During the year ended 30 June 2003, borrowing costs of $10.9 million (2002: $15.9 million) were capitalised into capital works.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
10. PROPERTY, PLANT AND EQUIPMENT continued				
Reconciliations				
Freehold land and buildings				
Carrying amount at the beginning of the year	**87,388**	83,725	**–**	–
Additions	**66,146**	1,665	**–**	–
Disposals	**(3,291)**	–	**–**	–
Depreciation	**(3,102)**	(1,821)	**–**	–
Other (includes transfers from other asset categories)	**31,644**	3,819	**–**	–
Carrying amount at the end of the year	**178,785**	87,388	**–**	–
Leasehold buildings				
Carrying amount at the beginning of the year	**47,163**	43,741	**–**	–
Additions	**–**	806	**–**	–
Disposals	**–**	–	**–**	–
Depreciation	**(1,602)**	(1,456)	**–**	–
Other (includes transfers from other asset categories)	**1,238**	4,072	**–**	–
Carrying amount at the end of the year	**46,799**	47,163	**–**	–
Plant and equipment				
Carrying amount at the beginning of the year	**293,339**	244,102	**26,722**	23,889
Additions	**57,531**	5,454	**11,920**	32,049
Disposals	**(621)**	(1,007)	**(22)**	–
Depreciation	**(64,505)**	(62,593)	**(6,140)**	(9,870)
Other (includes transfers from other asset categories)	**275,223**	107,383	**(1,569)**	(19,346)
Carrying amount at the end of the year	**560,967**	293,339	**30,911**	26,722
Capital works in progress, at cost				
Carrying amount at the beginning of the year	**276,612**	280,209	**–**	–
Additions	**63,508**	110,258	**–**	–
Transfers to other asset categories	**(306,945)**	(113,855)	**–**	–
Carrying amount at the end of the year	**33,175**	276,612	**–**	–
11. INTANGIBLES				
Mastheads and tradenames, at cost	**2,203,888**	1,259,399	**196**	196
Total intangibles	**2,203,888**	1,259,399	**196**	196
12. TAX ASSETS				
Current				
Tax receivable	**221**	50,789	**16**	–
Non-current				
Future income tax benefits arising from:				
Tax losses	**3,769**	2,475	**–**	–
Timing differences	**35,694**	52,268	**2,993**	4,109
Total non-current tax asset	**39,463**	54,743	**2,993**	4,109

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
13. PAYABLES				
Current				
Trade and other creditors	**266,004**	173,038	**17,571**	10,917
Accrued interest on bank borrowings	**5,972**	5,711	**–**	–
Net hedge payable	**6,658**	–	**–**	–
Total current payables	**278,634**	178,749	**17,571**	10,917
14. INTEREST-BEARING LIABILITIES				
Current				
Bank borrowings (unsecured)	**639,000**	3,942	**–**	–
Other borrowings (unsecured)	**6,608**	1,463	**–**	–
Total current interest-bearing liabilities	**645,608**	5,405	**–**	–
Non-current				
Bank borrowings (unsecured)	**519,589**	533,574	**–**	–
Lease liability (secured)	**54,565**	54,391	**–**	–
Total non-current interest-bearing liabilities	**574,154**	587,965	**–**	–

The consolidated entity has access to a $100 million committed working capital facility. This facility can be drawn or utilised in various forms including loan and bill acceptance until June 2005. This facility is currently not utilised. The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

A bank loan of $95 million was established in September 2001 which matures in December 2006. The interest rate for this fully drawn facility is the applicable bank bill rate plus a credit margin.

A $500 million combined Commercial Paper and Medium Term Note (MTN) program was established in November 1998. The program was increased in March 2000 to $750 million. MTNs to the value of $150 million due July 2005 have been issued under the facility. The remaining $600 million is available for the issue of MTNs. These facilities are not committed and there is no guaranteed access to the funds. None of these facilities are underwritten. Promissory Notes on issue at 30 June 2003 are nil (2002: $25 million).

Senior Notes with a principal of US$120 million (A$178 million) and maturing 19 December 2006 were issued in December 1996. The Senior Notes were issued at par with a fixed interest coupon of 7.43% per annum payable semi-annually in arrears. Interest and principal on the Senior Notes is payable in US dollars and was swapped into Australian Dollars with a cross-currency swap.

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a final maturity date of September 2015. A loan with principal and interest outstanding of $58.3 million (2002: $59.6 million) and a finance lease of $54.6 million (2002: $54.4 million) drawn in February 1996, is in the form of a CPI indexed annuity. There is also principal and interest outstanding of $44.7 million (2002: $48.6 million) in the form of a fixed rate facility with an established drawdown and repayment schedule. Principal and interest on the CPI indexed annuity has been swapped into nominal floating interest rate.

The acquisition of the Independent Newspapers Limited's New Zealand publishing assets and liabilities was partially funded by a Bridge Financing Facility of $639 million, which matures in June 2004. The interest rate for this fully drawn facility is the applicable bank bill rate plus a credit margin. The Company intends to refinance this facility during late 2003 to early 2004 with long-term committed facilities.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
15. TAX LIABILITIES				
Current				
Tax payable	**–**	–	**–**	162
Non-current				
Deferred income tax liability	**60,418**	56,611	**–**	–

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
16. PROVISIONS					
Current					
Employee benefits	27	**46,358**	36,881	**3,564**	2,863
Dividends		**–**	51,457	**–**	51,457
Other		**3,142**	3,360	**–**	–
Total current provisions		**49,500**	91,698	**3,564**	54,320
Non-current					
Employee benefits	27	**32,734**	27,903	**2,896**	2,613
Other		**2,369**	2,825	**–**	244
Total non-current provisions		**35,103**	30,728	**2,896**	2,857
Reconciliations					
Reconciliations of the carrying amount of each class of provision except for employee benefits, are set out below:					
Dividends					
Carrying amount at the beginning of the year		**51,457**		**51,457**	
Adjustment arising from the initial adoption of AASB 1044 Provisions, Contingent Liabilities and Contingent Assets		**(51,457)**		**(51,457)**	
Provisions made during the year		**51,457**		**51,457**	
Payments made during the period		**(51,457)**		**(51,457)**	
Carrying amount at the end of the year		**–**		**–**	
Other – current					
Carrying amount at the beginning of the year		**3,360**		**–**	
Provision acquired during the year		**402**		**–**	
Provisions made during the year		**3,459**		**–**	
Payments made during the year		**(4,079)**		**–**	
Carrying amount at the end of the year		**3,142**		**–**	
Other – non-current					
Carrying amount at the beginning of the year		**2,825**		**244**	
Provisions made during the year		**–**		**–**	
Payments made during the year		**(456)**		**(244)**	
Carrying amount at the end of the year		**2,369**		**–**	
17. NON INTEREST-BEARING LIABILITIES					
Amounts payable to equipment suppliers		**–**	16,700	**–**	–
Other		**972**	2,366	**–**	–
Total non interest-bearing liabilities		**972**	19,066	**–**	–

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000

18. CONTRIBUTED EQUITY

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Shares				
867,457,363 (2002: 735,099,595) ordinary shares fully paid	**987,541**	628,853	**987,541**	628,853
Preferred Reset Securities Exchangeable for Shares				
2,500,000 (2002: 2,500,000)	**241,951**	241,951	**241,951**	241,951
Debentures				
281 (2002: 281) debentures fully paid	*	*	*	*
Total issued capital	**1,229,492**	870,804	**1,229,492**	870,804

Movements in issued capital during the financial year

	2003 Number	2002 Number	**2003 $'000**	2002 $'000
Shares				
Balance at the beginning of the year	**735,099,595**	734,879,595	**628,853**	628,196
Shares issued – institutional placement	**110,264,939**	–	**305,434**	–
Shares issued – share purchase plan	**21,944,829**	–	**60,787**	–
Shares issue costs	**–**	–	**(7,943)**	–
Converted from options(i)	**148,000**	220,000	**410**	657
Balance at the end of the year	**867,457,363**	735,099,595	**987,541**	628,853
Preferred Reset Securities Exchangeable for Shares (PRESSES)				
Balance at the beginning of the year	**2,500,000**	–	**241,951**	–
PRESSES issued	**–**	2,500,000	**–**	250,000
Issue costs	**–**	–	**–**	(8,049)
Balance at the end of the year	**2,500,000**	2,500,000	**241,951**	241,951
Debentures				
Balance at the beginning of the year	**281**	281	*	*
Converted to shares	**–**	–	**–**	–
Balance at the end of the year	**281**	281	*	*

* Amount is less than $1000

(i) During the year options were exercised and converted to shares as detailed in Note 27(b).

Institutional Placement

A placement of ordinary shares raising $305,433,881 was completed on 15 April 2003. 110,264,939 shares were placed with local and offshore institutional investors at $2.77 per share.

Share Purchase Plan (SPP)

The SPP was offered to all registered holders of Fairfax ordinary shares on 8 May 2003 raising $60,787,176. Shareholders who participated in the SPP were issued ordinary shares at $2.77 per share. The price was the lower of $2.77 (being the price paid by institutional investors) and a 2.5% discount to the average daily volume weighted average market price of Fairfax ordinary shares over the five trading days from 10 June to 16 June 2003 inclusive. A total of 21,944,829 shares were issued to SPP participants on 20 June 2003.

Funds raised by the placement and the SPP were applied towards the acquisition of Independent Newspaper Limited's New Zealand publishing assets.

18. CONTRIBUTED EQUITY continued

Terms and conditions of contributed equity

Shares

Ordinary shares have the right 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.

Preferred Reset Securities Exchangeable for Shares (PRESSES)

PRESSES are fully paid, non-cumulative, Non-redeemable Reset Exchangeable Preference Shares.

The Company issued 2.5 million PRESSES during the year ended 30 June 2002, each having a face value of $100 for a total of $250 million.

PRESSES entitle holders to a fully franked dividend in preference to any dividends paid on Ordinary Shares. PRESSES rank in priority to Ordinary Shares for payment of dividends and for a return of capital on winding-up. On the Reset Date some or all of the outstanding PRESSES may be Exchanged for a number of Ordinary Shares at the option of holders of PRESSES or the Company. In certain circumstances, Exchange may occur other than on the Reset Date. The first Reset Date is 12 December 2006. On Exchange, each of the PRESSES will Exchange for Ordinary Shares that rank equally in all respects with Ordinary Shares from the Exchange Date. Each of the PRESSES will generally Exchange for Ordinary Shares at a 2.5% discount to the weighted average sale price of Ordinary Shares traded on the ASX during the 20 Business Days immediately preceding the date of Exchange. The number of Ordinary Shares issued on Exchange will vary depending on the Ordinary Share price prior to Exchange.

A non-cumulative dividend is paid semi-annually on the PRESSES. The dividend rate was increased from 6.65% pa to 7.40% pa on 30 June 2003 as a result of the credit rating of the PRESSES falling to BB+ from BBB-. The dividend may be increased or decreased on reset dates. Payment of dividends is at the discretion of directors and is subject to the directors declaring or otherwise resolving to pay a dividend and there being no impediment under the Corporations Act 2001 to the payment.

Debentures

Debenture holders terms and conditions are disclosed in Note 1.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
19. RESERVES				
Asset revaluation	**6,813**	4,928	**–**	–
Foreign currency translation	**283**	11	**–**	–
Total reserves	**7,096**	4,939	**–**	–
Movements in reserves				
Asset revaluation reserve				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.				
Balance at the beginning of the year	**4,928**	4,928	**–**	–
Share of associates' reserve increments arising during the year	**1,885**	–	**–**	–
Balance at the end of the year	**6,813**	4,928	**–**	–
Foreign currency translation reserve				
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.				
Balance at the beginning of the year	**11**	(13)	**–**	–
Net gain on translation of overseas controlled entities	**272**	24	**–**	–
Balance at the end of the year	**283**	11	**–**	–

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000

20. RETAINED PROFITS

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Balance at the beginning of the year		**468,707**	507,873	**46,548**	39,252
Net profit attributable to members of the Company		**125,525**	53,660	**157,720**	100,122
Adjustment arising from the initial adoption of AASB 1044 Provisions, Contingent Liabilities and Contingent Assets		**51,457**	–	**51,457**	–
Total available for appropriation		**645,689**	561,533	**255,725**	139,374
Dividends provided for or paid	5	**(104,837)**	(92,826)	**(104,837)**	(92,826)
Retained profits at the end of the year		**540,852**	468,707	**150,888**	46,548

21. OUTSIDE EQUITY INTEREST

On 21 March 2003, Property Showcase Australia Pty Limited purchased a 45% interest in Homes Pictorial Unit Trust, a controlled entity of John Fairfax Holdings Limited.

	Consolidated **2003** $000	Consolidated 2002 $000
Reconciliation of outside equity interest in controlled entities:		
Opening balance	**–**	–
Add share of pre-acquisition equity	**3,195**	–
Add share of reserves	**906**	–
Add share of operating profit	**221**	–
Closing balance	**4,322**	–

22. EARNINGS PER SHARE

	Consolidated **2003** $000	Consolidated 2002 $000
Earnings reconciliation		
Net profit attributable to members of the Company:		
Before significant items	**125,525**	90,203
Less dividend paid on PRESSES	**(16,625)**	(8,290)
Basic and diluted earnings before significant items and associate profits	**108,900**	81,913
Net profit attributable to members of the Company:		
After significant items	**125,525**	53,660
Less dividend paid on PRESSES	**(16,625)**	(8,290)
Basic and diluted earnings after significant items and associate profits	**108,900**	45,370
Weighted average number of ordinary shares used in calculating basic EPS (000s)	**756,246**	734,967
Options	**227**	1,103
Weighted average number of ordinary shares used in calculating diluted EPS (000s)	**756,473**	736,070
Basic earnings per share (cents) based on net profit attributable to members of the Company:		
After significant items	**14.40**	6.17
Before significant items	**14.40**	11.15
Diluted earnings per share (cents) based on net profit attributable to members of the Company:		
After significant items	**14.40**	6.16
Before significant items	**14.40**	11.13

As at 30 June 2003, the Company has 86,761,599 (2002: 38,013,737) potential ordinary shares (PRESSES) which are not dilutive and are not included in the diluted EPS calculation.

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
23. COMMITMENTS					
Finance lease liabilities					
Payable:					
Not later than one year		**6,840**	6,599	**–**	–
Later than one year and not later than five years		**29,980**	28,912	**–**	–
Later than five years		**66,825**	74,733	**–**	–
Minimum lease payments		**103,645**	110,244	**–**	–
Less future finance charges		**49,080**	55,853	**–**	–
Total lease liability		**54,565**	54,391	**–**	–
Classified as:					
Non-current interest-bearing liabilities	14	**54,565**	54,391	**–**	–

Finance leases have an average lease term of 7.47 years (2002: 8.21 years) and an average implicit interest rate of 12.5% (2002: 12.5%). Assets which are the subject of finance leases include office premises, land and buildings.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Operating lease commitments				
Payable:				
Not later than one year	**15,360**	13,653	**–**	–
Later than one year but not later than five years	**56,556**	28,870	**–**	–
Later than five years	**125,246**	11,688	**–**	–
Total operating lease commitments	**197,162**	54,211	**–**	–

Operating leases have an average lease term ranging between 10 to 15 years (2002: 10 to 15 years) and an average implicit interest rate of 10% (2002: 10%). Assets which are the subject of operating leases are office premises.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Capital expenditure commitments				
Payable:				
Not later than one year	**15,976**	52,741	**–**	–
Later than one year but not later than five years	**–**	12,470	**–**	–
Total capital expenditure commitments	**15,976**	65,211	**–**	–

Capital expenditure commitments primarily relate to the purchase of property, plant and equipment.

24. CONTINGENT LIABILITIES

Related bodies corporate

Under the terms of an ASIC class order, the Company and certain controlled entities, identified in Note 25, have guaranteed any deficiency of funds if any party to the class order is wound up. No such deficiency exists.

Other persons

From time to time, entities in the consolidated entity are sued for defamation and similar matters in the ordinary course of business. The amount of contingency for such actions cannot be determined with any accuracy. However, on the basis of professional advice, the accounts incorporate adequate provision to cover material contingencies.

25. CONTROLLED ENTITIES

	Notes
John Fairfax Holdings Limited	(a),(c)
Controlled entities	
Associated Newspapers Limited	(a)
AIPD Pty Limited	
Big Hand Asia Pacific Pty Limited	
David Syme & Co Pty Limited	(a)
f2 Australia & New Zealand Pty Limited	(a)
f2 Limited	(a),(d)
Fairfax Business Information Solutions Pty Limited	(a)
Fairfax Business Media Pte Ltd	(b)
Fairfax Business Media (South Asia) Pte Ltd	(b)
Fairfax Community Newspapers Pty Limited	(a)
Fairfax Corporation Pty Limited	(a)
Fairfax EEC Limited (UK)	(b)
Fairfax New Zealand Holdings Limited	(b)
Fairfax New Zealand Limited	(b)
Fairfax Print Holdings Pty Limited	(a),(d)
Fairfax Printers Pty Limited	(a),(d)
Fairfax Properties Pty Limited	(a)
Fairfax Regional Printers Pty Limited	(a)
FCN Online Pty Limited	(a)

	Notes
Gold Coast Community Press Pty Limited	(a)
Homes Pictorial Publications Pty Limited	
Homes Pictorial Unit Trust	(e)
Illawarra Newspapers Holdings Pty Limited	(a)
John Fairfax & Sons Limited	(a)
John Fairfax (UK) Limited	(b)
John Fairfax (US) Limited	(b)
John Fairfax Group Finance Pty Limited	(a)
John Fairfax Limited	(a)
John Fairfax Publications Pty Limited	(a),(d)
Morisset Newspapers Pty Limited	
Newcastle Newspapers Pty Limited	(a)
Personal Investment Direct Access Pty Limited	
Rydge Publications Pty Limited	(a)
South Australian Real Estate Press Pty Limited	(a)
The Age Company Limited	(a)
The Age Online Pty Limited	(a)
The Rockwood Pastoral Company Pty Limited	(a)
The Warrnambool Standard Pty Limited	(a)
Wattle Street Properties Pty Limited	(a)

Notes

(a) The Company and the controlled entities incorporated within Australia are party to a class order 98/1418 and have entered into a group cross indemnity agreement. Under the class order, exemption has been granted to these controlled entities from the requirements of the Corporations Act, 2001 with regard to the preparation, audit and publication of accounts. The consolidated Statement of Financial Performance and Statement of Financial Position of the entities are shown on the following page.

(b) All controlled entities are incorporated in Australia except for:

	Country of Incorporation
John Fairfax (UK) Limited	UK
John Fairfax (US) Limited	USA
Fairfax EEC Limited (UK)	UK
Fairfax Business Media Pte Ltd	Singapore
Fairfax Business Media (South Asia) Pte Ltd	Singapore
Fairfax New Zealand Holdings Limited	New Zealand
Fairfax New Zealand Limited	New Zealand

(c) The consolidated entity holds a 100% equity interest in all controlled entities except for Homes Pictorial Unit Trust.

(d) Denotes entities controlled directly by the Company.

(e) The consolidated entity holds a 55% equity interest.

25. CONTROLLED ENTITIES continued

Statement of Financial Position	2003 $000	2002 $000
Current assets		
Cash	**9,043**	6,006
Receivables	**183,124**	190,898
Tax asset	**221**	50,789
Inventories	**21,121**	26,243
Other financial assets	**1,008**	–
Total current assets	**214,517**	273,936
Non-current assets		
Receivables	**851,006**	2,938
Investments	**299,688**	38,969
Other financial assets	**45,916**	12,281
Property, plant and equipment	**701,637**	698,291
Intangibles	**1,259,558**	1,239,500
Future income tax benefits	**35,905**	43,145
Total non-current assets	**3,193,710**	2,035,124
Total assets	**3,408,227**	2,309,060
Current liabilities		
Payables	**190,694**	88,384
Interest-bearing liabilities	**645,608**	5,405
Tax liabilities	**1,452**	1,813
Provisions	**42,301**	86,909
Total current liabilities	**880,055**	182,511
Non-current liabilities		
Non interest-bearing liabilities	**972**	19,066
Interest-bearing liabilities	**574,154**	587,965
Tax liabilities	**60,418**	56,611
Provisions	**30,956**	35,477
Total non-current liabilities	**666,500**	699,119
Total liabilities	**1,546,555**	881,630
Net assets	**1,861,672**	1,427,430
Equity		
Contributed equity	**1,229,492**	870,804
Reserves	**4,558**	4,338
Retained profits	**627,622**	552,288
Total equity	**1,861,672**	1,427,430

Statement of Financial Performance	2003 $000	2002 $000
Profit from ordinary activities before income tax	**180,536**	132,306
Income tax expense attributable to operating profit	**(52,889)**	(46,932)
Net profit attributable to members of the holding company	**127,647**	85,374

26. ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

The consolidated entity purchased the New Zealand publishing assets and liabilities of Independent Newspapers Limited on 30 June 2003.

For additional information refer to Note 32(c).

On 23 May 2002 the consolidated entity disposed of its 100% interest in CitySearch Australia Pty Limited and CitySearch Canberra Pty Limited, which previously formed part of the interactive business of the consolidated entity.

For additional information refer Note 32(d).

	Note	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
27. EMPLOYEE BENEFITS					
The aggregate employee benefit liability is comprised of:					
Provisions for employee benefits (current)	16	**46,358**	36,881	**3,564**	2,863
Provisions for employee benefits (non-current)	16	**32,734**	27,903	**2,896**	2,613
Accrued redundancy costs		**7,154**	16,722	**3,886**	–
Total employee benefits		**86,246**	81,506	**10,346**	5,476

For information relating to superannuation plans refer Note 28.

Number of employees

As at 30 June 2003 the consolidated entity employed 6,045 full-time employees (2002: 3,766) and 1,152 part-time and casual employees (2002: 834). This includes 2,343 full-time employees and 297 part-time and casual employees in New Zealand.

Employee share plans

The Company has four employee share/share option plans operating as at the balance date. Information relating to each scheme is set out below:

1. **Fairfax exempt employee share plan**
   This plan is open to all permanent full-time and part-time employees with more than 12 months service with the consolidated entity. Under this Plan, participants may salary sacrifice up to $1,000 of pre tax salary per annum for purchase of issued Fairfax shares at the market price on the open market of the Australian Stock Exchange. The shares are purchased by an independent trustee company on pre-fixed dates.
2. **Fairfax deferred employee share plan**
   This plan is open to all permanent full-time and part-time employees with more than 12 months service with the consolidated entity. Under this Plan, participants may salary sacrifice a minimum of $3,000 and up to a maximum of 25% of salary per annum for purchase of issued Fairfax shares at the market price on the open market of the Australian Stock Exchange. The shares are purchased by an independent trustee company on pre-fixed dates.
3. **Long term incentive share plan**
   Permanent full-time and part-time employees of the consolidated entity who are not directors of the Company may be eligible to participate in this Plan. The Plan is administered by an independent trustee which holds in trust ordinary shares issued to it by the Company for nil consideration. The trustee may allocate shares to employees after considering recommendations from the Company. Allocation to employees is at nil consideration.
4. **Employee share option plan**
   Full-time and part-time employees of the consolidated entity are eligible to participate on invitation from the Company. On and after two years from the date of issue, 40% of options will become conditionally exercisable. On and after the passing of each subsequent year, a further 20% of the options will become conditionally exercisable. Options not exercised within five years of issue will lapse. On exercise, each option is convertible to one ordinary share. The maximum number of employee scheme options approved by shareholders at a general meeting which may be issued at any one time is 4% of the number of ordinary shares of the Company on issue at that date. The number of employee scheme options outstanding, which were issued under the employee option incentive scheme, is equivalent to 1.2% of the ordinary shares on issue at 30 June 2003. There are currently 166 employees who hold options issued under the scheme.

27. EMPLOYEE BENEFITS continued

Options to acquire shares

During 2003, the consolidated entity granted no options (2002: nil) to acquire shares. The exercise price of the options granted prior to 2002 is equivalent to the Company's average market share price on the Australian Stock Exchange, at the date the options were issued. At balance date, the Company's closing share price was $2.88.

Information with respect to the number of options granted under the employee share plan is as follows:

		2003 Number of options	**2003** Weighted average exercise price $	2002 Number of options	2002 Weighted average exercise price $
Balance at the beginning of the year	(a)	**11,303,000**	**3.56**	11,523,000	3.55
Forfeited		**(950,000)**	**3.02**	–	–
Exercised and converted to shares	(b)	**(148,000)**	**2.77**	(220,000)	2.98
Balance at the end of the year		**10,205,000**	**3.62**	11,303,000	3.56
Exercisable at the end of the year	(c)	**10,205,000**	**3.62**	11,303,000	3.56

(a) Options held at the beginning of the reporting period:

The following table summarises information about options held by employees as at 1 July 2002:

Number of options	Grant date	Expiry date	Exercise price
80,000	3 September 1997	3 September 2002	$3.12
130,000	3 October 1997	3 October 2002	$3.37
80,000	19 November 1997	19 November 2002	$3.15
660,000	27 February 1998	27 February 2003	$2.93
148,000	25 June 1998	25 June 2003	$2.77
30,000	11 September 1998	11 September 2003	$2.76
400,000	19 November 1998	19 November 2003	$3.08
250,000	1 March 1999	1 March 2004	$3.97
500,000	11 May 1999	11 May 2004	$3.97
200,000	25 June 1999	25 June 2004	$4.25
4,405,000	28 September 1999	28 September 2004	$4.01
250,000	5 April 2000	5 April 2005	$5.66
20,000	29 May 2000	29 May 2005	$4.30
90,000	28 June 2000	28 June 2005	$4.41
300,000	19 September 2000	19 September 2005	$4.36
130,000	12 March 2001	12 March 2006	$3.69
130,000	30 March 2001	30 March 2006	$3.58
3,500,000*	16 December 1998	16 December 2003	$2.85

* These options were issued to FG Hilmer, a director and Chief Executive Officer of the Company. The first tranche of 1,400,000 options was exercisable from 16 December 2000. The second tranche of 700,000 options was exercisable from 16 December 2001. The third tranche of 700,000 options was exercisable from 16 December 2002. The fourth tranche of 700,000 options is exercisable from 16 December 2003. These options are subject to a qualifying share price having been achieved not earlier than six months before the start of the exercise period or at any time after. Options not exercised by 16 December 2003 lapse. On exercise, each option is convertible to one ordinary share. The exercise price of $2.85 may be subject to adjustment for rights issues, bonus issues or for capital reconstructions as provided in the Share Option Deed.

27. EMPLOYEE BENEFITS continued

(b) Options exercised:

(i) The following table summarises information about options exercised by employees during the year ended 30 June 2003:

Number of options	Grant date	Exercise date	Expiry date	Exercise price $	Proceeds from shares issued	Number of shares issued	Issue date
148,000	25 Jun 1998	25 Jun 2003	25 Jun 2003	2.77	409,960	148,000	25 Jun 2003

(ii) The following table summarises information about options exercised by employees during the year ended 30 June 2002:

Number of options	Grant date	Exercise date	Expiry date	Exercise price $	Proceeds from shares issued	Number of shares issued	Issue date
10,000	25 Jun 1998	10 Jul 2001	25 Jun 2003	2.77	27,700	10,000	12 Jul 2001
20,000	11 Sep 1998	18 Dec 2001	11 Sep 2003	2.76	55,200	20,000	18 Dec 2001
30,000	29 Jan 1997	1 Feb 2002	29 Jan 2002	2.84	85,200	30,000	1 Feb 2002
60,000	27 Feb 1998	28 Feb 2002	27 Feb 2003	2.93	175,800	60,000	28 Feb 2002
60,000	3 Sep 1997	24 Feb 2002	3 Sep 2002	3.12	187,200	60,000	24 Feb 2002
40,000	19 Nov 1997	28 Mar 2002	19 Nov 2002	3.15	126,000	40,000	28 Mar 2002

(c) Options held at the end of the reporting period:

The following table summarises information about options held by employees as at 30 June 2003:

Number of options	Grant date	Expiry date	Exercise price
30,000	11 September 1998	11 September 2003	$2.76
400,000	19 November 1998	19 November 2003	$3.08
250,000	1 March 1999	1 March 2004	$3.97
500,000	11 May 1999	11 May 2004	$3.97
200,000	25 June 1999	25 June 2004	$4.25
4,405,000	28 September 1999	28 September 2004	$4.01
250,000	5 April 2000	5 April 2005	$5.66
20,000	29 May 2000	29 May 2005	$4.30
90,000	28 June 2000	28 June 2005	$4.41
300,000	19 September 2000	19 September 2005	$4.36
130,000	12 March 2001	12 March 2006	$3.69
130,000	30 March 2001	30 March 2006	$3.58
3,500,000*	16 December 1998	16 December 2003	$2.85

(d) Fair values of options:

The fair value of each option is estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted average assumptions:

	Range
Dividend yield	1.92–3.47%
Expected volatility	0.202–0.342
Risk-free interest rate	4.80–6.30%
Expected life of option	5 years

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

28. SUPERANNUATION COMMITMENTS

The Company and certain controlled entities contribute to defined contribution and defined benefit employee superannuation plans, which provide benefits for employees and their dependants on retirement, disability and death.

The superannuation arrangements for the Company's employees are managed in a sub-plan of the Mercer Super Trust, called Fairfax Super. The Trustee of the Trust is Mercer Investment Nominees Limited.

In the case of the defined contribution employee superannuation plans, the Company and its controlled entities have a legally enforceable obligation to contribute to the plan.

In the case of the defined benefit employee superannuation plan, employer contributions are based on the advice of the plan's actuary. Employees contribute various percentages of their gross income and the consolidated entity also contributes at generally twice the employee's contribution. The defined benefits are based on years of service and final salary and are being funded on the basis of actuarial assessments every three years such that the funds will be adequate to provide the benefits payable to members on their retirement.

The last actuarial assessment of Fairfax Super was carried out as at 1 July 2002 by Ian Manners, BMath FIAA, Actuary from Mercer Human Resource Consulting Pty Ltd.

At balance date, 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 (30 June 2003), which would have a material impact on the overall financial position of the defined benefit plan.

	2003 $000	2002 $000
Estimated accrued benefits of the plan	**293,243**	306,528
Net market value of the plans' assets	**301,380**	312,784
Surplus	**8,137**	6,256
Vested benefits (estimate)	**296,216**	295,537
Consolidated entity contributions	**22,665**	16,731

29. AUDITORS' REMUNERATION

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Amounts received or due and receivable by the auditors of John Fairfax Holdings Limited for:				
Audit services				
Ernst & Young Australia	**600**	570	**600**	570
Other services				
Ernst & Young Australia				
– special audits required by regulatory bodies	**190**	173	**–**	–
– assurance related	**20**	111	**20**	77
Affiliates of Ernst & Young Australia	**183**	165	**–**	–
	393	449	**20**	77
Total auditors' remuneration	**993**	1,019	**620**	647

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000

30. REMUNERATION OF DIRECTORS AND EXECUTIVES

Directors' remuneration

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party	**11,973**	6,844		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of John Fairfax Holdings Limited, directly or indirectly, from the entity or any related party			**2,660**	1,810

The number of directors of John Fairfax Holdings Limited whose income (including superannuation contributions and excluding the amortisation of options) falls within the following bands:

	No. of directors	No. of directors
$10,000 – $19,999	**–**	1
$20,000 – $29,999	**3**	–
$50,000 – $59,999	**2**	2
$60,000 – $69,999	**3**	2
$70,000 – $79,999	**1**	–
$80,000 – $89,999	**–**	1
$100,000 – $109,999	**–**	1
$110,000 – $119,999	**1**	–
$140,000 – $149,999	**–**	1
$1,200,000 – $1,209,999	**–**	1
$2,090,000 – $2,099,999	**1**	–

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Executives' remuneration				
Remuneration received, or due and receivable by executive officers of the consolidated entity whose remuneration is $100,000 or more, from entities in the consolidated entity or related parties	**13,190**	6,574		
Remuneration received, or due and receivable by executive officers of the Company whose remuneration is $100,000 or more, from entities in the consolidated entity or related parties			**5,878**	3,448

30. REMUNERATION OF DIRECTORS AND EXECUTIVES continued

The number of executives of the consolidated entity and the Company whose remuneration (including termination payments and excluding amortisation of options) falls within the following bands:

	Consolidated **2003** No. of executives	Consolidated 2002 No. of executives	Company **2003** No. of executives	Company 2002 No. of executives
$230,000 – $239,999	**–**	1	**–**	1
$250,000 – $259,999	**–**	2	**–**	1
$270,000 – $279,999	**1**	–	**1**	–
$300,000 – $309,999	**–**	1	**–**	–
$320,000 – $329,999	**–**	3	**–**	1
$340,000 – $349,999	**–**	1	**–**	–
$350,000 – $359,999	**1**	–	**–**	–
$390,000 – $399,999	**1**	–	**1**	–
$420,000 – $429,999	**1**	1	**–**	1
$430,000 – $439,999	**–**	1	**–**	1
$440,000 – $449,999	**–**	1	**–**	–
$480,000 – $489,999	**1**	–	**1**	–
$520,000 – $529,999	**1**	–	**–**	–
$540,000 – $549,999	**–**	2	**–**	1
$560,000 – $569,999	**1**	–	**–**	–
$570,000 – $579,999	**1**	–	**1**	–
$580,000 – $589,999	**–**	1	**–**	–
$610,000 – $619,999	**2**	–	**2**	–
$810,000 – $819,999	**1**	–	**1**	–
$1,200,000 – $1,209,999	**–**	1	**–**	1
$2,090,000 – $2,099,999	**1**	–	**1**	–
$2,460,000 – $2,469,999	**1**	–	**–**	–
$2,980,000 – $2,989,999	**1**	–	**–**	–

For the purpose of this disclosure, an executive officer has been defined as the Chief Executive Officer, the executive management team and other persons who are directly accountable and responsible to the Chief Executive Officer for the strategic direction and operational management of the consolidated entity.

Remuneration includes the fair value of shares issued to directors and executives. The fair value is calculated based on the share price on the day the shares were transferred to employees.

31. RELATED PARTY DISCLOSURES

Directors

The directors of John Fairfax Holdings Limited during the financial year were:

BM Powers, JS Pinshaw, MD Burrows, Sir R Carnegie, DM Gonski, FG Hilmer, JM King, DR Wills, RC Corbett, RJ Walker and MA Jackson.

Directors' share, option and debenture holdings

Movements in the aggregate holdings of directors of the Company during the year were as follows:

	Shares	PRESSES	Options
Balance at the beginning of the year	478,490	360	3,500,000
Acquisitions	230,847	180	–
Disposals due to resignations*	–	–	–
Balance at the end of the year	709,337	540	3,500,000

* Brian M Powers and Jonathan S Pinshaw resigned from the Board on 6 November 2002 and 12 February 2003, however, there was no share disposal due to these resignations.

Director-related entities

A number of directors of John Fairfax Holdings 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 and are considered to be trivial in nature. 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 John Fairfax Holdings 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 arms 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 trivial or domestic in nature.

In addition to the transactions referred to above, legal services were provided to the consolidated entity on normal commercial terms and conditions by Minter Ellison Lawyers. Margaret Jackson's spouse is a partner with Minter Ellison.

Controlled entities

John Fairfax Holdings Limited has undertaken transactions with its controlled entities including the issue and receipt of loans (both at commercial interest rates and interest free) and management fees. On consolidation, all such transactions have been eliminated in full.

During the financial year ended June 2000 $1,125,000 was advanced to directors of controlled entities, N Dews and N Leeder, as interest free loans. The balance outstanding as at 30 June 2003 is $375,000 (2002: $1,125,000). During the year the loan to N Dews was repaid. The remaining loan to N Leeder is repayable either out of future bonus entitlements or when the director ceases to be an employee of the controlled entity.

Ultimate parent

John Fairfax Holdings Limited is the ultimate parent company.

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
32. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of cash				
For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank.				
Cash	**19,446**	7,299	**14,566**	11,205
(b) Reconciliation of net profit after tax to net cash flows from operations				
Net profit	**125,746**	53,660	**157,720**	100,122
Non-cash items				
Depreciation and amortisation	**69,209**	67,070	**6,140**	6,027
Amounts set aside to provisions	**41,505**	35,940	**3,166**	2,881
Write-down of employee loans	**626**	–	**–**	–
Write-down of non current assets	**4,745**	8,755	**–**	–
Net (profit)/loss on disposal of property, plant & equipment	**(2,020)**	424	**5**	–
Net (profit) on disposal of other assets	**(97)**	–	**–**	–
Net loss on disposal of controlled entities	**–**	13,500	**–**	–
Share of associate's net (profits)/losses	**(1,231)**	881	**–**	–
Changes in assets and liabilities net of the effects of the acquisition of the working capital of the publishing business of Independent Newspapers Limited				
Trade debtors	**473**	29,106	**20**	–
Other debtors and prepayments	**7,242**	(3,378)	**–**	–
Inventories	**5,496**	(1,645)	**–**	–
Trade and other creditors	**(13,682)**	32,908	**7,797**	24,663
Sundry creditors	**3,187**	–	**–**	–
Provisions	**(56,502)**	(44,345)	**(2,180)**	(2,093)
Tax balances	**69,655**	(57,056)	**2,121**	(986)
Transfers from related bodies corporate	**–**	–	**(252,769)**	(180,837)
Net cash flows from operating activities	**254,352**	135,820	**(77,980)**	(50,223)

32. NOTES TO THE STATEMENT OF CASH FLOWS continued

(c) Business acquired

Details of the cash outflow relating to the acquisition of the New Zealand publishing assets and liabilities of Independent Newspapers Limited at 30 June 2003 were as follows:

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Consideration:				
Cash	**1,036,197**	–	**–**	–
Other acquisition costs	**19,604**	–	**–**	–
	1,055,801	–	**–**	–
Fair value of net assets acquired:				
Trade debtors	**66,740**	–	**–**	–
Other receivables	**2,698**	–	**–**	–
Prepayments	**807**	–	**–**	–
Inventories	**19,782**	–	**–**	–
Investments	**872**	–	**–**	–
Property, plant and equipment	**116,236**	–	**–**	–
Mastheads and tradenames	**923,233**	–	**–**	–
Trade payables	**(75,963)**	–	**–**	–
Other payables	**(7,640)**	–	**–**	–
Employee benefits	**(10,568)**	–	**–**	–
Total net assets acquired	**1,036,197**	–	**–**	–
Other acquisition costs	**19,604**	–	**–**	–
Total cost of acquisition	**1,055,801**	–	**–**	–
Payment for property, plant and equipment	**116,236**	–	**–**	–
Payment for investments	**872**	–	**–**	–
Payment for mastheads and tradenames and working capital of the New Zealand publishing business of Independent Newspapers Limited	**938,693**	–	**–**	–
	1,055,801	–	**–**	–

(d) Disposal of controlled entities

	Consolidated **2003** $000	Consolidated 2002 $000	Company **2003** $000	Company 2002 $000
Consideration:				
Cash	**–**	15,905	**–**	–
Costs associated with the sale of controlled entities	**–**	(3,551)	**–**	–
	–	12,354	**–**	–
Net assets of controlled entities disposed:				
Cash	**–**	82	**–**	–
Receivables	**–**	111	**–**	–
Property, plant and equipment	**–**	490	**–**	–
Mastheads	**–**	1,090	**–**	–
Future income tax benefit	**–**	1,514	**–**	–
Provisions	**–**	(274)	**–**	–
Accounts payable	**–**	(324)	**–**	–
	–	2,689	**–**	–
Goodwill on acquisition	**–**	(23,165)	**–**	–
(Loss) on disposal	**–**	(13,500)	**–**	–

(e) Financing facilities

Refer Note 14.

33. FINANCIAL INSTRUMENTS

The consolidated entity enters into a range of derivative financial instruments to manage financial risks in accordance with a Treasury Policy approved by the board of John Fairfax Holdings Limited.

The consolidated entity does not use derivative instruments for speculative or trading purposes.

(a) Interest rate risk

The consolidated entity enters into a range of derivative financial instruments to manage financial risks associated with changes in interest rates with the objectives of reducing the risk to profitability and cashflow as well as the volatility of interest expense. Treasury Policy requires the proportion of fixed and variable interest rate risk as well as the maturity of the fixed interest rate risk to be maintained within defined limits. Interest rate swaps, options and forward rate agreements are utilised to maintain the proportion within policy limits and manage the rate setting process on the variable interest rate risk.

Interest rate swaps, forward rate agreements and options are utilised to maintain the proportion within policy limits and manage the rate setting process on the variable rate risk.

The following tables summarise the consolidated entity's exposure to interest rates.

	Floating interest rate $000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in Over 1 to 5 years $'000	Fixed interest maturing in More than 5 years $'000	Non-interest bearing $'000	Total $'000	Weighted average effective interest rate %
As at 30 June 2003							
Financial assets							
Cash	**19,446**	**–**	**–**	**–**	**–**	**19,446**	**4.3**
Receivables	**–**	**–**	**–**	**–**	**259,720**	**259,720**	**–**
Investments	**–**	**–**	**–**	**–**	**14,382**	**14,382**	**–**
Cross currency swap receivable	**–**	**–**	**–**	**–**	**27,394**	**27,394**	**–**
	19,446	**–**	**–**	**–**	**301,496**	**320,942**	
Financial liabilities							
Bank borrowings (unsecured)	**639,000**	**–**	**–**	**–**	**–**	**639,000**	**5.1**
Bank loans	**95,000**	**–**	**–**	**–**	**–**	**95,000**	**5.2**
Senior notes	**–**	**–**	**178,147**	**–**	**–**	**178,147**	**5.2***
Medium term notes	**–**	**–**	**150,000**	**–**	**–**	**150,000**	**7.7***
Other borrowings	**–**	**6,608**	**26,249**	**70,193**	**–**	**103,050**	**9.5**
Lease liability	**54,565**	**–**	**–**	**–**	**–**	**54,565**	**12.5**
Total borrowings	**788,565**	**6,608**	**354,396**	**70,193**	**–**	**1,219,762**	
Interest rate swaps**	**130,754**	**150,000**	**(280,754)**	**–**	**–**	**–**	**–**
Accounts payable	**–**	**–**	**–**	**–**	**278,634**	**278,634**	**–**
	919,319	**156,608**	**73,642**	**70,193**	**278,634**	**1,498,396**	

33. FINANCIAL INSTRUMENTS continued

	Floating interest rate $000	Fixed interest maturing in 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000	Weighted average effective interest rate %
As at 30 June 2002							
Financial assets							
Cash	7,299	–	–	–	–	7,299	4.0
Receivables	–	–	–	–	199,042	199,042	–
Investments	–	–	–	–	12,281	12,281	–
	7,299	–	–	–	211,323	218,622	
Financial liabilities							
Short term money market	10,000	–	–	–	–	10,000	4.8
Bank loans	95,000	–	–	–	–	95,000	5.2
Senior notes	–	–	150,754	–	–	150,754	5.2*
Medium term notes	–	–	150,000	–	–	150,000	7.7*
Promissory notes	25,000	–	–	–	–	25,000	4.9
Other borrowings	–	5,405	25,696	77,124	–	108,225	9.4
Lease liability	54,391	–	–	–	–	54,391	12.5
Total borrowings	184,391	5,405	326,450	77,124	–	593,370	
Interest rate swaps	280,754	50,000	(330,754)	–	–	–	–
Accounts payable	–	–	–	–	178,749	178,749	–
Provision for dividends	–	–	–	–	51,457	51,457	–
	465,145	55,405	(4,304)	77,124	230,206	823,576	

* The weighted average effective interest rate incorporates the effect of interest rate swaps and options.

** In addition to these interest rate swaps the Company has also entered into $375m of interest rate swaps with a deferred start date of 25 September 2003.

(b) Foreign exchange risk

The consolidated entity enters into a range of derivative financial instruments to manage foreign exchange risk with the objectives of reducing the risk to profitability and cashflow and removing uncertainty in valuation of the balance sheet. The principal balance sheet risk arises from the issue of Senior Notes denominated in US dollars (refer Note 14). The exposure to US dollar payments for principal and interest under this transaction was fully hedged by a cross currency and interest rate swap transaction. At balance date the fair value of this cross currency swap is $56.9million. The consolidated entity also enters into forward foreign exchange contracts to hedge foreign currency denominated payments (principally US dollars, Swiss Francs, NZ dollars and EURO) mainly for the purchases of capital equipment, newsprint, paper, other materials and hedging of loan receivables. The consolidated entity has hedged a NZD loan receivable from its New Zealand subsidiary.

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the consolidated entity at reporting date.

		2003 Weighted average exchange rate	2002 Weighted average exchange rate	**2003** $000	2002 $000
GBP	Not longer than one year	**0.3709**	0.3757	**4**	249
EURO	Not longer than one year	**0.5998**	0.6245	**5,337**	26,943
Swiss Francs	Not longer than one year	**0.8994**	0.9356	**8,338**	13,480
NZD	Not longer than one year	**1.1563**	–	**(899,251)**	–
USD	Not longer than one year	**0.6212**	–	**710**	–
	Longer than one year but not longer than five years	–	–	**23**	–

33. FINANCIAL INSTRUMENTS continued

(c) Credit risk

The consolidated entity is exposed to credit risk representing the loss in the event of non-performance by financial instrument counterparties which are investment grade rated financial institutions. Credit risk is managed through the use of credit ratings and monitoring the usage of predetermined limits. As at 30 June 2003 the consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties other than the mark to market on the cross currency swap of $56.9 million (2002: $85.7 million).

The consolidated entity's credit risk on financial assets excluding investments and derivatives is the carrying amount net of any provision for doubtful debts. Credit risk is managed through the use of credit ratings and monitoring the usage of credit allowed. Credit exposure of interest rate and foreign exchange derivatives is represented by the fair value of the contracts.

(d) Net fair values

The following table sets out the net fair values of the financial assets and liabilities of the consolidated entity as at reporting date. Net fair values of financial assets and liabilities are determined on the following basis:

Recognised

Cash, receivables, accounts payable and provision for dividends, foreign currency contracts and borrowings – The carrying amounts of these approximate fair value which is stated at the lower of cost or net realisable value.

Unrecognised

Interest rate swaps and interest rate options – The net fair value is estimated as the present value of future cash flows using current market rates prevailing at reporting date and market accepted formulae.

	Carrying amount asset/(liability)		Net fair value asset/(liability)	
	2003 $000	2002 $000	**2003 $000**	2002 $000
Investments	**14,382**	12,281	**14,382**	12,281
Borrowings*	**(1,219,762)**	(593,370)	**(1,219,762)**	(593,370)
Interest rate swaps**	**–**	–	**8,391**	2,461
Interest rate options	**–**	–	**–**	(9)
Foreign currency contracts	**(6,658)**	–	**(6,658)**	4,828

* Incorporates the effect of currency swaps.

** Excludes cross currency swap.

34. SEGMENT REPORTING

The economic entity operates predominantly in two geographic segments, Australia and New Zealand.

	Australia **2003** $000	Australia 2002 $000	New Zealand **2003** $000	New Zealand 2002 $000	Eliminations **2003** $000	Eliminations 2002 $000	Consolidated **2003** $000	Consolidated 2002 $000
Revenue								
Sales to customers outside the economic entity	**1,197,468**	1,167,124	**–**	–	**–**	–	**1,197,468**	1,167,124
Other revenue from customers outside the economic entity	**19,177**	24,149	**–**	–	**–**	–	**19,177**	24,149
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Share of equity accounted profits/(losses)	**1,231**	(881)	**–**	–	**–**	–	**1,231**	(881)
Total segment revenue	**1,217,876**	1,190,392	**–**	–	**–**	–	**1,217,876**	1,190,392
Interest revenue							**9,322**	6,492
Total revenue from ordinary activities							**1,227,198**	1,196,884
Result								
Segment result	**201,258**	121,566	**–**	–	**–**	–	**201,258**	121,566
Unallocated revenues less unallocated expenses							**(23,489)**	(29,720)
Consolidated profit from ordinary activities before income tax expense							**177,769**	91,846
Income tax expense							**(52,023)**	(38,186)
Consolidated profit from ordinary activities after income tax expense							**125,746**	53,660
Assets								
Segment assets	**3,291,402**	2,209,140	**1,138,653**	–	**(1,043,588)**	–	**3,386,467**	2,209,140
Unallocated assets							**39,684**	105,532
Total assets							**3,426,151**	2,314,672
Liabilities								
Segment liabilities	**270,040**	376,851	**871,753**	–	**(777,584)**	–	**364,209**	376,851
Unallocated liabilities							**1,280,180**	593,371
Total liabilities							**1,644,389**	970,222
Other segment information:								
Equity method investments included in segment assets	**6,419**	3,303	**–**	–	**–**	–	**6,419**	3,303
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**74,709**	124,805	**1,055,801**	–	**–**	–	**1,130,510**	124,805
Depreciation	**67,607**	64,414	**–**	–	**–**	–	**67,607**	64,414
Amortisation	**1,602**	2,656	**–**	–	**–**	–	**1,602**	2,656
Non-cash expenses other than depreciation and amortisation	**46,250**	44,695	**–**	–	**–**	–	**46,250**	44,695

35. SUBSEQUENT EVENTS

A decision has been reached that the Company will be the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly owned subsidiaries. The timing of the adoption of tax consolidation will be 1 July 2003. The financial effect of this change has not been brought to account in the financial statements for the year ended 30 June 2003. A high level assessment of the implications of the tax consolidation legislation revealed there will be no material adverse impact on the consolidated group.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of John Fairfax Holdings Limited, we state that –

1. In the opinion of the directors:
   (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on the 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. 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 25 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

David M. Gonski AO
Chairman, Audit and Risk Committee

Frederick G. Hilmer AO
Chief Executive Officer and Director

Sydney, 19 September 2003

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF JOHN FAIRFAX HOLDINGS LIMITED

SCOPE

THE FINANCIAL REPORT AND DIRECTORS' RESPONSIBILITY

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for John Fairfax Holdings Limited (the Company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

INDEPENDENCE

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

AUDIT OPINION

In our opinion, the financial report of John Fairfax Holdings Limited is in accordance with:

(a) the *Corporations Act 2001* including:

(i) giving a true and fair view of the financial position of John Fairfax Holdings Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Ernst & Young

David J Simmonds
Partner

Sydney, 19 September 2003

Twenty largest holders of securities at 31 August 2003	Number of securities	%
(i) ORDINARY SHARES		
JP Morgan Nominees Australia	139,052,839	16.03
National Nominees Limited	134,473,537	15.50
Westpac Custodian Nominees Limited	121,998,067	14.06
RBC Global Services Australia Nominees Limited	52,840,092	6.09
Citicorp Nominees Pty Limited	30,747,369	3.54
ANZ Nominees Limited	27,592,124	3.18
Commonwealth Custodial Services Limited	18,454,620	2.13
Cogent Nominees Pty Limited	14,189,898	1.64
AMP Life Limited	11,648,053	1.34
Westpac Financial Services Limited	10,220,282	1.18
Queensland Investment Corporation	9,492,656	1.09
Zurich Investment Management Limited	6,550,262	0.76
Government Superannuation Office	6,189,409	0.71
Westpac Life Insurance Services Limited	4,718,931	0.54
Bond Street Custodians Limited	4,019,600	0.46
Victorian WorkCover Authority	3,501,323	0.40
Australian Foundation Investment Company Limited	3,457,253	0.40
Transport Accident Commission	3,209,575	0.37
Cambooya Pty Limited	3,111,372	0.36
Mrs Caroline Elizabeth Oswald Simpson	2,688,340	0.31
	608,155,602	70.09

(ii) PREFERRED RESET SECURITIES EXCHANGEABLE FOR SHARES (PRESSES)		
RBC Global Services Australia	162,960	6.52
Share Direct Nominees Pty Limited	150,000	6.00
Brispot Nominees Pty Limited	109,868	4.39
UBS Private Clients Australia Nominees Pty Limited	108,929	4.36
JP Morgan Nominees Australia Limited	100,626	4.03
Questor Financial Services Limited	89,720	3.59
Westpac Custodian Nominees Limited	77,159	3.09
Bond Street Custodians Limited	52,622	2.10
Net Nominees Limited	47,583	1.90
Commonwealth Custodial Services Limited	40,688	1.63
AMP Life Limited	31,995	1.28
Australian Foundation Investment Company Limited	28,250	1.13
SBN Nominees Pty Limited	25,259	1.01
Westpac Financial Services Limited	25,000	1.00
Sandhurst Trustees Limited	23,500	0.94
Tower Managed Funds Limited	18,717	0.75
Citicorp Nominees Pty Limited	13,972	0.56
Invia Custodian Pty Limited	13,454	0.54
UBS Nominees Pty Limited	12,820	0.51
Merrill Lynch (Australia) Nominees Pty Limited	11,240	0.45
	1,144,362	45.78

	Number of securities	%
(iii) DEBENTURES		
National Financial Services	281	100.00
	281	100.00

(iv) OPTIONS

All options were issued to employees of the Company (or its related entities) and are not listed separately.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company at 31 August 2003 are:

	Ordinary Shares
Maple-Brown Abbott	71,159,680
UBS Nominees Pty Limited	65,096,120
Deutsche Bank AG	53,444,444
Harris Associates LP	45,079,000
National Australia Bank Limited Group	44,565,902

DISTRIBUTION SCHEDULE OF HOLDINGS AT 31 AUGUST 2003

No. of securities	No. of ordinary shareholders	No. of PRESSES holders	No. of debenture holders	No. of option holders
1 - 1,000	9,507	6,129	1	–
1,001 - 5,000	25,821	125	–	–
5,001 – 10,000	6,583	10	–	28
10,001 – 100,000	3,361	16	–	125
100,001 and over	183	5	–	13
Total number of holders	45,455	6,285	1	166
Number of holders holding less than a marketable parcel	691	–	–	–

VOTING RIGHTS

Voting rights of shareholders are governed by Articles 5.8 and 5.9 of the Company's Articles of Association 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. Debentures and options do not carry any voting rights.

PERFORMANCE SUMMARY

		2003	2002	2001	2000	1999	1998	1997
Revenue from ordinary activities	$m	**1,226.0**	1,197.8	1,327.7	1,408.6	1,315.3	1,153.6	1,027.9
Operating revenue	$m	**1,208.9**	1,174.8	1,288.5	1,344.9	1,144.8	1,109.3	1,023.2
Earnings before depreciation, interest and tax (EBITDA)	$m	**270.5**	188.6	299.8	390.3	322.0	293.1	253.0
Depreciation	$m	**69.2**	67.1	65.2	64.7	67.1	69.3	68.2
Earnings before interest and tax	$m	**201.3**	121.6	234.6	325.6	254.9	223.8	184.8
Net interest expense	$m	**23.5**	29.7	43.8	47.6	46.7	55.9	67.0
Profit before tax and abnormals	$m	**N/A**	N/A	N/A	N/A	208.2	167.9	117.8
Abnormal items	$m	**N/A**	N/A	N/A	N/A	26.5	(8.5)	(16.4)
Profit before tax	$m	**177.8**	91.8	190.8	278.0	234.7	159.4	101.4
Income tax	$m	**52.0**	38.2	62.7	92.6	56.2	47.6	27.4
Net profit	$m	**125.5**	53.7	128.1	185.8	180.3	111.8	74.0
Net profit before significant items	$m	**125.5**	90.2	126.2	168.4	134.5	111.6	85.0
Total equity	$m	**1,781.8**	1,344.5	1,141.0	1,088.6	984.5	1,142.4	1,090.6
Total assets	$m	**3,426.2**	2,314.7	2,291.8	2,152.7	2,105.2	2,098.2	2,165.4
Total borrowings	$m	**1,219.8**	593.4	774.3	622.5	755.9	669.5	812.6
Number of shares and debentures	M	**867.5**	735.1	734.9	730.6	728.0	806.9	798.0
Number of shareholders		**45,455**	44,731	45,007	32,325	21,353	19,211	21,073
Number of PRESSES holders		**6,285**	6,201	–	–	–	–	–
EBITDA to operating revenue	%	**22.4**	16.1	23.3	29.0	28.1	26.4	24.7
Earnings per share	Cents	**14.4**	6.2	17.5	25.5	23.2	14.0	9.3
Earnings per share before significant items	Cents	**14.4**	11.2	17.3	23.2	17.3	13.9	10.7
Operating cash flow per share	Cents	**29.3**	18.5	21.3	43.5	33.2	26.3	23.7
Dividend per share	Cents	**13.0**	11.5	11.5	11.5	10.5	9.5	9.5
Interest cover based on EBITDA before significant items	Times	**11.5**	7.8	7.0	8.2	6.9	5.2	3.8
Gearing	%	**67.4**	43.6	67.1	56.2	74.8	58.4	74.0
Return on equity	%	**7.0**	4.0	11.2	17.1	18.3	9.8	6.8

DIRECTORY

ANNUAL GENERAL MEETING

The annual general meeting will be held at 10.30am on Friday, 31 October 2003 in the Grand Ballroom at The Sheraton on the Park, 161 Elizabeth Street, Sydney.

FINANCIAL CALENDAR

FOR FINANCIAL YEAR 2002–2003

Books close for final dividend	31 October 2003
Annual general meeting	31 October 2003
Final dividend mailed	14 November 2003
PRESSES dividend	December 2003

ESTIMATED FOR FINANCIAL YEAR 2003–2004

Interim result and dividend announcement	February 2004
Books close for interim dividend	April 2004
Interim dividend mailed	April 2004
PRESSES dividend	June 2004
Preliminary final result and dividend announcement	August 2004
Final dividend mailed	October 2004
Annual general meeting	November 2004
PRESSES dividend	December 2004

COMPANY SECRETARY

Gail Hambly

REGISTERED OFFICE

Level 19
Darling Park
201 Sussex Street
Sydney NSW 2000

Ph: (02) 9282 3046
Fax: (02) 9282 3065

SHARE REGISTRY

ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000

Ph: 1300 888 062
Fax: (02) 9261 8489
www.asxperpetual.com.au

STOCK EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Stock Exchange Limited – "FXJ". The Company's PRESSES are listed on the Australian Stock Exchange Limited – "FXJPA".

IMPORTANT INFORMATION ABOUT THE FAIRFAX ANNUAL REPORT

To obtain a free copy of this report, contact ASX Perpetual Registrars – see contact details above.

WEBSITE

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.f2.com.au.**

REMOVAL FROM ANNUAL REPORT MAILING LIST

Shareholders who do not wish to receive this report should advise the Share Registry in writing.

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

Dividends may be paid directly to bank accounts in Australia. These payments are electronically credited on the dividend date and confirmed by a mailed payment advice. Shareholders are required to advise the Share Registry of their tax file number so that dividends can be paid without tax being withheld.