JOHN FAIRFAX HOLDINGS LIMITED
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FairfaxReport

FAIRFAX ANNUAL REPORT 2004

PERFORMANCE AND GROWTH

FAIRFAX AUSTRALIA

FAIRFAX DIGITAL

FAIRFAX NEW ZEALAND

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THE AGE, MELBOURNE'S OLDEST NEWSPAPER, TURNS 150 ON OCTOBER 17 THIS YEAR. SINCE 1854 IT HAS PLAYED A PIVOTAL ROLE IN THE LIFE OF VICTORIA, MIRRORING ITS TRANSFORMATION FROM GOLD RUSH BOOM STATE, TO BIRTHPLACE OF FEDERATION, THROUGH TWO WORLD WARS, A DEPRESSION AND THE MODERN ERA TO THE VIBRANT PLACE IT IS TODAY.

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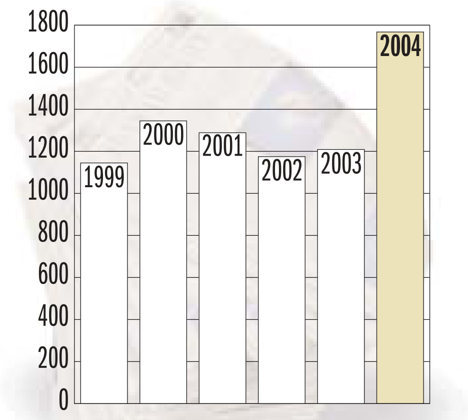
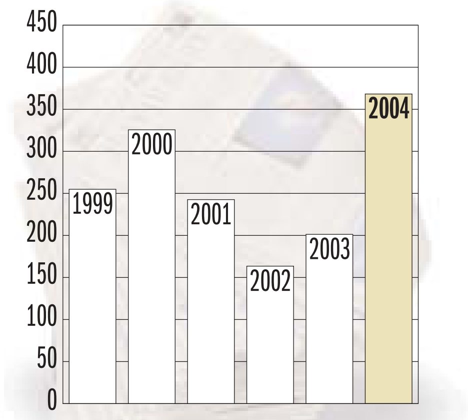
REPORT

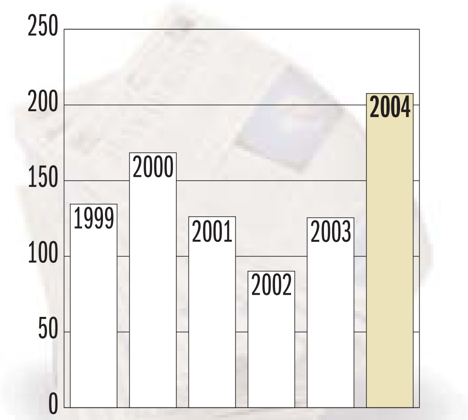
FINANCIAL HIGHLIGHTS



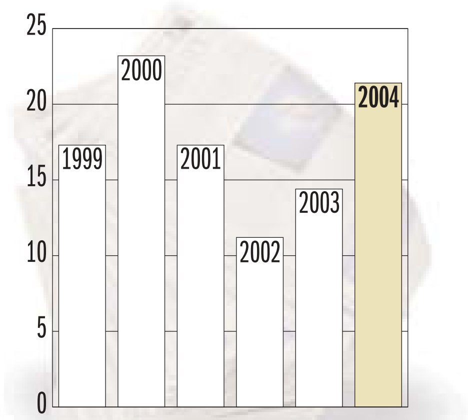
TRADING REVENUE/$M



EBIT PRE SIGNIFICANT ITEMS/$M



PROFIT PRE SIGNIFICANT ITEMS/$M



EARNINGS PER SHARE
PRE SIGNIFICANT ITEMS/CENTS

CHAIRMAN'S REPORT

DEAN WILLS AO

A YEAR AGO, I EXPRESSED, ON BEHALF OF YOUR BOARD OF DIRECTORS, THAT FAIRFAX WAS WELL-POSITIONED FOR THE YEAR AHEAD.

IT WAS STATED THAT, "A BETTER PROFIT RESULT, STRONG OPERATING PERFORMANCE, THE FULL BENEFITS OF OUR ACQUISITION IN NEW ZEALAND AND INVESTMENT IN NEW PLANT IN AUSTRALIA…

…SHOULD UNDERPIN SHAREHOLDERS' CONFIDENCE IN THE FUTURE GROWTH OF OUR COMPANY."

I am pleased to report to you that Fairfax has produced results for the 2004 financial year which reinforce that statement. In Australia and New Zealand, some very important challenges have been ably executed, and Fairfax enters the new fiscal year in sound shape.

The fundamentals of Fairfax's businesses – its metropolitan newspapers in Sydney and Melbourne, regional franchises, business publishing, Fairfax Digital (formerly f2 Network), magazines, and New Zealand – are strong and performing significantly better than a year ago.

As a result, there was substantial growth in earnings per share for the year and a significant rise in dividends to shareholders. Underlying earnings per share, before significant items and post-PRESSES dividend, were up 48.5% to 21.36 cents. The full year dividend was increased 26.9% to 16.5 cents per share.

Taking into account the Company's strong operating performance, reduced earnings volatility, strengthening credit ratios, continuing lower levels of capital expenditure, and large free cash flows, the Board has further revised its dividend policy. Going forward, we are now targeting a higher payout ratio through the cycle of around 80% of normal profits after tax versus the previously indicated aim of 70%.

We will continue to offer, as part of the company's capital management strategy, a Dividend Reinvestment Plan, but will remove the current 2.5% discount on the issue of shares under the plan beginning in the 2005 financial year. However, the discount will apply to the final dividend of 11 cents per share for the 2004 financial year.

During the 2005 financial year, the Board also intends to assess capital management initiatives aimed at reducing the Company's overall cost of financing.

For Fred Hilmer, our CEO, and his executive management team, this has been a year of real achievement.

The business strengthened in Australia, with growth in advertising revenue in metropolitan newspapers and our other publishing franchises. We have gained market share in readership in our metro papers in Australia. The progress of our acquisition in New Zealand has exceeded all expectations, with outstanding results. The Age Print Centre at Tullamarine is now operating on time and with superb print and colour quality. The Regional and Community newspaper group continues to expand both strategically, such as with the integration of Text Media in Victoria, and organically across its mastheads in New South Wales and Victoria. Fairfax Digital has consolidated its profitable performance at the EBITDA level and its competitive position in key markets.

This has also been a hallmark year for *The Age*. We are celebrating its 150th birthday with a series of events for readers and the wider community. It is an occasion not only for recognising with pride the paper's extraordinary history, but also to rededicate ourselves to a progressive future for *The Age*. We welcome the paper's new Editor-in-Chief, Andrew Jaspan, and thank Michael Gawenda for his exceptional service to *The Age* and its readers.

As has been reported through the year, your Board and senior management have been active in assessing further opportunities for strategic growth. We will continue to do so. In all instances, such as with our acquisition in New Zealand, our foremost consideration is to provide enhanced value to shareholders and expanded scale for the company's publishing businesses.

We expect the year ahead to be one of transition. As announced last May, we have initiated an orderly and deliberate selection process for the next CEO. In order to ensure stability and continuity, Fred Hilmer will remain as CEO into calendar 2005 until his successor is named and in place. This process gives us full confidence that the company will be strongly managed throughout this period, with full attention to the business and its continued growth. This is neither the time nor place for a well-earned farewell to Fred; that will come in due course.

Fairfax is an outstanding company, with excellent publications that are renowned worldwide. It has solid businesses of which we are rightfully proud. Fairfax fulfills an indispensable public trust in Australia and New Zealand. We remain most optimistic about Fairfax's future.

FREDERICK G. HILMER AO

A YEAR OF PERFORMANCE AND GROWTH

2004 was a year of performance and growth for the Company. We met the challenges of earning substantial returns from the big investments we made in our future as a leading media company.

Improvement in the operating performance in Australia, strong returns from our investment in New Zealand, and benefits obtained from the printing plants in Australia underpinned substantial growth in net profit for the year and a significant rise in dividends to shareholders.

Earnings per share were up sharply – 48.5% – to 21.36 cents, and we lifted the dividend to 16.5 cents per share, an increase of 3.5 cents or 26.9% over last year.

Fairfax now has a broader business whose performance is steadier and less dependent on the advertising cycles of Sydney and Melbourne in a few key sectors. Specifically, with Fairfax New Zealand, the growth in our regional and community newspapers, the integration of the Text Media publishing business in Victoria and the improved performance of Fairfax Digital, Fairfax has a different and less volatile business mix than previously. The Australian metropolitan newspapers are continuing to grow but are now only about 50% of revenues, compared to about 70% a year ago.

The result is that Fairfax is substantially stronger today, with a larger and more diversified and balanced publishing business than we had a year ago.

THERE HAVE BEEN TWO PRIMARY FACTORS BEHIND OUR ACHIEVEMENTS THIS YEAR:

WE HAVE SUCCESSFULLY IMPLEMENTED OUR STRATEGIC INITIATIVES AND CAPITALISED ON OUR INVESTMENTS.

New Zealand, thanks to our excellent management team and the dedication of the staff, has outperformed all expectations. Fairfax New Zealand is a vibrant and vigorous publishing enterprise, contributing to the communities it serves throughout the country. Improvements were made in many mastheads, including a move to Saturday mornings for the *Waikato Times*, and the introduction of the glossy Sunday magazine in our national paper, *The Sunday Star–Times*. The SST was named Newspaper of the Year among a swag of other honours for our mastheads.

Our printing infrastructure is now world class. We are making returns on our investment in new printing plant, with The Age Print Centre at Tullamarine now through its commissioning phase and recording steady on-time performance, including Saturdays. Our advertisers are responding to the full colour capacity we now have in Melbourne and Sydney, thanks to the upgrade at our Chullora plant.

↑65%
PROFIT AFTER TAX PRE-SIGNIFICANT ITEMS OF $207.6 MILLION

↑83%
EBIT PRE-SIGNIFICANT ITEMS OF $368.2 MILLION

↑27%
ORDINARY DIVIDEND UP TO 16.5 CENTS

↑49%
EARNINGS PER SHARE PRE-SIGNIFICANT ITEMS OF 21.36 CENTS

In June, our three printing plants (Tullamarine, Chullora and Beresfield) won the internationally prestigious IFRA awards for print quality – the only plants so recognised in Australia.

WE ARE PERFORMING MORE STRONGLY IN ALL OUR BUSINESSES, WITH A FOCUS ON REVENUE GROWTH AND COST DISCIPLINE.

Commercially, there is greater cross selling to win advertising revenue growth across all key categories. Our sales teams have delivered real growth in display advertising. In classifieds, employment advertising has rebounded, and the real estate category has continued to expand.

When print and online advertising are combined, we achieved healthy revenue growth during the year.

We worked hard to maintain discipline on costs, as evidenced particularly in the second half. It is clear throughout the organisation that our focus on costs is an ongoing priority. Our objective is to hold cost growth below wage inflation.

A series of labour agreements, in both the printing and editorial areas, have improved productivity.

Fairfax Regional and Community Newspapers again posted double-digit gains, and is a leader in this publishing sector in Australia. For the first time, the *Newcastle Herald* and *Illawarra Mercury* won Walkley Awards – the industry's highest honour in Australia.

Fairfax Business Media, anchored by *The Australian Financial Review*, is Australia's pre-eminent business publications group. It had good revenue growth in the AFR and the magazines.

Our magazines in both countries, from *GoodWeekend* and *Sunday Life* in Australia to *TV Guide* and *Cuisine* in New Zealand, had a good year. Building on the success of *the(sydney)magazine*, we will launch *theage(melbourne)magazine* in October.

Our acquisition of Text Media has also been successful, and we are building on the expanded publishing assets we now have in Victoria.

Throughout our publications, it has been a year of improvements, including the redesign of *The Age*, revamped sections such as Spectrum in *The Sydney Morning Herald,* and cross-masthead partnerships such as the new Investor section with *The Australian Financial Review* in *The Sunday Age* and *The Sun-Herald.* The AFR is also contributing to Business Day in the New Zealand metros.

Our journalists and photographers, from the war in Iraq, to the dramas on the streets of Melbourne and the Olympics in Athens, continue to provide outstanding coverage.

What distinguishes our journalism — and provides our publications with their competitive edge — is our commitment to quality and integrity. Our readers recognise it, and seek it out. These are values that are shared throughout the organisation, and they are enduring.

Four great sections
+ ESCAPE + ABOUTtown
+ sunday

SundayStar★Times

Your Newspaper of the Week
New Zealand's Newspaper of the Year

“WHAT DISTINGUISHES OUR JOURNALISM – AND PROVIDES OUR PUBLICATIONS WITH THEIR COMPETITIVE EDGE – IS OUR COMMITMENT TO QUALITY AND INTEGRITY. OUR READERS RECOGNISE IT, AND SEEK IT OUT.

THESE ARE VALUES THAT ARE SHARED THROUGHOUT THE ORGANISATION, AND THEY ARE ENDURING.”

Our results for the year, which reflect the overall health of our Company, are directly linked to our ability to fulfill these values. The stronger we are as a company, and the more successful we are as a business, the greater ability we have to continue to be a quality media company.

This is why, in conjunction with our improved operating performance this year, our strategic investment in New Zealand, which has given us greater scope and scale, is so important.

We are working hard on circulation. Initiatives are under way in the areas of product improvement, production, distribution and marketing.

Our readership, which is what our advertisers look to first, has gained market share over the year in our metro papers, and particularly in the key AB demographic. We will continue to target our effectiveness in readership reach.

We have the #1 websites for news in Australia and a better competitive position in classifieds. Fairfax Digital and stuff.co.nz are both profitable at the EBITDA level.

OUR PRIORITIES FOR THE YEAR AHEAD ARE CLEAR:

We will continue to carefully monitor growth opportunities and pursue them where they contribute to our strategic direction and add to shareholder value.

We will maintain tight cost management.

As the Chairman has reported, we will assess capital management initiatives during this year.

In Australia, we want to buttress our leadership position in readership, the target AB demographic, and our market shares in both print and our digital businesses.

We want to obtain continued returns from our investment in colour print capacity while achieving healthy yields.

In New Zealand, our key priorities are to further improve our competitive position, both editorially and commercially, and to meet challenges in the market.

2004 is an important year in the Company’s history. *The Age* celebrates its 150th birthday in October, and events involving our readers and the larger community have occurred throughout the year. You will see an offer in this annual report to purchase *Reflections*, an extraordinary history of *The Age* and Victoria, magnificently presented with photographs and essays.

We look forward to the arrival of Andrew Jaspan, *The Age*’s new editor-in-chief. He has had an exciting and productive career in journalism, most recently as publisher of the *Sunday Herald*, a paper he started in Scotland. He knows Australia from his time here as a youth, and is eager to contribute to an exceptional masthead. He will be outstanding, and will lead *The Age* to a bright future. We are fortunate to continue to benefit from the experience and insight of Michael Gawenda, who has retired as editor but will report for both *The Age* and *The Sydney Morning Herald* from Washington as senior correspondent. Michael has our sincere thanks and appreciation for his superb leadership of the paper and its staff.

We face the future with confidence because of the commitment and dedication of our staff and employees – over 7,200 in Australia and New Zealand. 2004 has been a year of real achievement, and I appreciate all they have done.

Finally, this is not a valedictory. I am pleased the succession process is advancing with all deliberate speed. We have a transition plan that provides full continuity and stability for the Company and enhances the ability of the Board to select the best person. My primary objective is to leave the Company in great shape.

I look forward to seeing you at our Annual General Meeting. ■

THE BOARD OF DIRECTORS

1. 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 Australian 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.

2. MR MARK BURROWS
NON-EXECUTIVE DIRECTOR
(JOINED THE BOARD 22 JANUARY 1996)
Mr Burrows is an investment banker and currently the Chairman of Lazard Pty Ltd, 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.

3. SIR RODERICK CARNEGIE AC
NON-EXECUTIVE DIRECTOR
(RESIGNED FROM THE BOARD 17 SEPTEMBER 2004)
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. His present major business activity is developing new technology to improve the environmental emission performance and the economic sustainability of processing lignite coal. He serves as patron of the Australian Centre for Blood Diseases.

4. MR ROGER CORBETT AM
NON-EXECUTIVE DIRECTOR
(JOINED THE BOARD 4 FEBRUARY 2003)
Mr Corbett has been involved in the retail industry for more than 40 years.
In 1984 Mr Corbett joined the Board of David Jones Australia as Director of Operations. In 1990 he was appointed to the Board of Woolworths Limited and to the position of Managing Director of BIG W. On 1 January 1999, Mr Corbett was appointed Chief Executive Officer of Woolworths Limited and still holds this position.

5. MR DAVID GONSKI AO
NON-EXECUTIVE DIRECTOR
(JOINED THE BOARD 29 SEPTEMBER 1993)
Mr Gonski is Chairman of the Investec Group in Australia 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.

6. 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.

7. MS MARGARET JACKSON AC
NON-EXECUTIVE DIRECTOR
(RESIGNED FROM THE BOARD 31 AUGUST 2004)
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 Southcorp (where she serves as Deputy Chairman), ANZ and Billabong International.

8. 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. 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.

9. 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 Corporation Limited and is on the Board of Buka Minerals Limited. He is also Chairman of the Australian Grand Prix Corporation and the Melbourne 2006 Commonwealth Games and is a Director of the Australian Soccer Association.

THE BOARD OF DIRECTORS

Ms Margaret Jackson and Sir Roderick Carnegie have resigned from the Board since the end of the financial year.

SANKAR NARAYAN

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The 2004 financial year saw improved performance and higher growth across the Group, resulting in reported earnings per share rising 102.2% from 14.38 cents to 29.07 cents and underlying earnings per share up 48.5% to 21.36 cents. With good trading conditions in both countries, Australia exhibited solid revenue gains and tighter cost management (particularly in the second half), while New Zealand had a strong performance across-the-board following the acquisition of the business a year ago.

GROUP TRADING

Underlying Group EBIT (pre significant items) was $368.2 million up by $166.9 million or 82.9%, while underlying Group EBITDA margin improved from 22.4% in 2003 to 25.7%.

Underlying Group revenue increased 46.5% in 2004 to $1.77 billion due to the New Zealand acquisition and continuing growth in Australia where underlying revenues rose 6.6% on the back of higher advertising revenues in publishing and gains in Fairfax Digital (formerly f2 Network).

Cost discipline was maintained across the Group with improved outcomes in the second half of the year.

AUSTRALIAN PUBLISHING

Total revenues grew by 5.6% for the year with the second half up by 7.2%, reflecting strong trading conditions in key sectors (eg employment, real estate, and retail), and the inclusion of Text Media.

Advertising revenues were 6.4% higher with strong display advertising results (the second half of the year grew by 7.5%) while classifieds were slightly up year-on-year. Circulation revenue was up 1.4% during the period. Underlying publishing costs in Australia (excluding Text Media) increased by 2.5% for the year.

METROS

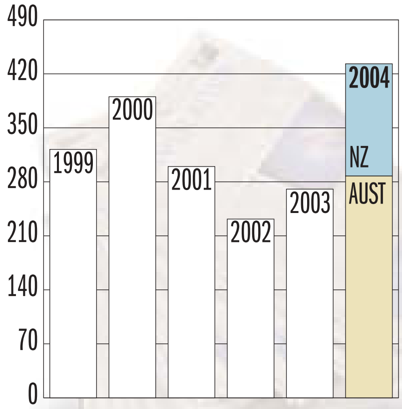
Underlying advertising revenues at *The Age*, *The Sydney Morning Herald*, *The Sun-Herald*, and Inserted Magazines (including the *Good Weekend* and *the(sydney)magazine*) grew by 4.2 % compared to last year, with display revenue up 9.0 % due to growth in employment, retail and national segments.

Classified revenues were consistent with last year. Stronger second half market conditions saw improvements in employment and motor vehicle categories while Metro circulation revenues were slightly lower than the prior period.

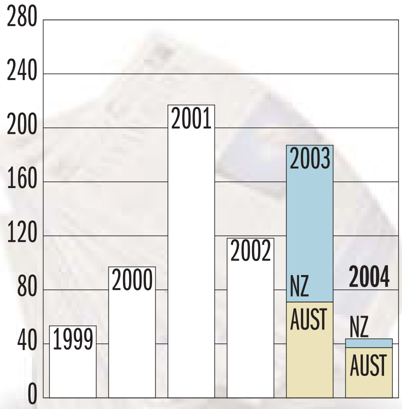
FAIRFAX BUSINESS MEDIA

Fairfax Business Media had strong revenue growth up 4.6% compared to last year, following strong employment and retail performance in the *Australian Financial Review (AFR)*.

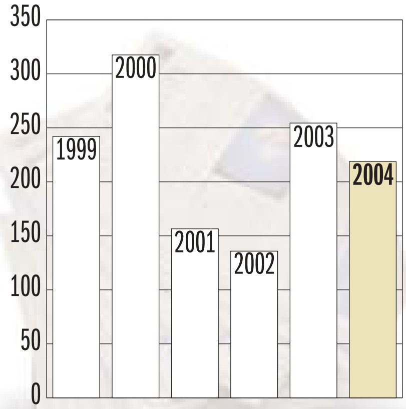
AFR's *Life and Leisure* liftouts were launched during the year securing new advertisers. The business magazines improved their performance from last year.



EBITDA PRE SIGNIFICANT ITEMS/$M



CAPITAL EXPENDITURE/$M



CASH FLOWS FROM OPERATIONS/$M

KEY STATISTICS

	2004	2003
EARNINGS PER SHARE – PRE-SIGNIFICANT ITEMS (CENTS)	**21.36**	14.38
EARNINGS PER SHARE – AFTER-SIGNIFICANT ITEMS (CENTS)	**29.07**	14.38
DIVIDEND PER SHARE (CENTS)	**16.5**	13.0
PROFIT AFTER TAX – PRE-SIGNIFICANT ITEMS ($M)	**207.6**	125.5
EARNINGS BEFORE INTEREST AND TAX (EBIT) – PRE-SIGNIFICANT ITEMS ($M)	**368.2**	201.3

FINANCIAL HIGHLIGHTS

- PROFIT AFTER TAX PRE-SIGNIFICANT ITEMS OF $207.6 MILLION UP 65.4%
- EARNINGS PER SHARE PRE-SIGNIFICANT ITEMS OF 21.36 CENTS UP 48.5%
- EARNINGS BEFORE INTEREST AND TAX (EBIT) PRE-SIGNIFICANT ITEMS OF $368.2 MILLION UP 82.9%
- DEBT REDUCED BY $110.8 MILLION
- FREE CASH FLOW INCREASED BY $112.8 MILLION
- ORDINARY DIVIDEND UP 26.9% TO 16.5 CENTS

	2004 $M	2003 $M	Variance %
PROFIT AND LOSS			
GROUP: Underlying Trading			
Trading revenue	1,772.1	1,210.1	46.5%
Costs	1,318.6	939.7	(40.3%)
EBITDA	453.5	270.5	67.7%
Depreciation	85.3	69.2	(23.3%)
EBIT	368.2	201.3	82.9%
AUSTRALIA: Underlying Trading			
Trading revenue	1,290.3	1,210.1	6.6%
Costs	982.3	939.7	(4.5%)
EBITDA	308.0	270.5	13.9%
Depreciation	72.8	69.2	(5.2%)
EBIT	235.2	201.3	16.9%
NEW ZEALAND: Underlying Trading			
Trading revenue	481.7		
Costs	336.2		
EBITDA	145.5		
Depreciation	12.5		
EBIT	133.0		

	2004 $M	2003 $M	Variance %
BALANCE SHEET DATA: GROUP			
Total assets	3,531.2	3,426.2	3.1%
Net debt	(1,089.5)	(1,200.3)	9.2%
Shareholders' funds	2,063.9	1,777.4	16.1%
FREE CASH FLOW DATA: GROUP			
EBITDA	432.9	270.5	60.0%
Balance sheet items	(60.7)	(12.6)	381.7%
Capex, net	(39.1)	(181.4)	78.4%
Interest	(71.9)	(23.5)	206.0%
Tax	(76.0)	17.6	(531.8%)
PRESSES Dividend	(18.4)	(16.6)	10.8%
Free cashflow	166.8	54.0	208.9%

FAIRFAX REGIONAL AND COMMUNITY NEWSPAPERS

Fairfax Regional and Community Newspapers had another year of significant growth with revenues up 22.4% (including Text). EBITDA margins improved and EBITDA grew by over 38%.

FAIRFAX DIGITAL

This year saw significant growth of 50.8% in revenues with robust performances in the online classified business and a positive EBITDA for the first time. There were improvements in the online classified businesses, banner advertising and upsell from print. *Fairfax Digital* has maintained its leadership position in online news and information in Australia.

NEW ZEALAND

Revenues of NZ$547.2 million were 9.1% up from last year with advertising 12.8% higher and circulation revenues 5.9% higher. The advertising market was uniformly strong with increases in both classified and display segments. All mastheads recorded higher revenues with the majority producing both higher volumes and yields. *The Dominion Post*, *Christchurch Press* and *Waikato Times* all performed ahead of last year.

An EBITDA margin of over 30% was achieved driven by revenue growth and tight cost controls.

BALANCE SHEET, CASHFLOW AND DEBT

The Group's balance sheet reflects an overall improvement in the performance of the business. Net debt has reduced by $110.8 million to $1,089.5 million. Short term bank debt was replaced by non-current financing, which increased by $500.2 million as a result of the refinancing of the Acquisition Bridging Financing Facility. The new facilities were sourced from a US$230 million private placement of Senior Notes due 2011 to 2019 and a $550 million Syndicated Bank Facility due in 2009.

Intangible assets rose in the past 12 months due to a combination of the Text Media acquisition and the impact of the stronger NZ$ on the New Zealand masthead values. Property, Plant and Equipment reduced by $39.3 million, as capital expenditure was below depreciation post completion of The Age Print Centre at Tullamarine.

The significant movement in the tax liabilities reflects the impact of the tax consolidation regime (as discussed below). Gearing as measured by net debt as a percentage of debt plus equity has been reduced from 40.3% to 34.5% while interest cover currently stands at 6 times.

Free cashflow as shown in the accompanying table was $166.8 million, up $112.8 million on last year, driven mainly by higher EBITDA and significantly lower capital expenditure.

TAX CONSOLIDATION

Fairfax achieved an uplift in the cost base of its tax depreciable plant and equipment as a result of entering into the tax consolidation regime. The benefit of $82.75 million has been taken as a credit to the current year income tax expense in accordance with current accounting standards. The cashflow benefits of the uplift will, however, be spread over the next 15 years.

DIVIDENDS

Dividends of $137.0 million were declared during the financial year. This is comprised of $118.7 million in ordinary dividends and $18.3 million for PRESSES. All dividends were fully franked.

The PRESSES dividends paid in December 2003 and June 2004 were $3.6732 and $3.6696 respectively per $100 share. The ordinary dividend of $118.7 million comprised a final dividend for 2003 of 8.0 cents and an interim dividend of 5.5 cents for 2004. Both of these dividends were issued under the Dividend Reinvestment Plan (DRP) introduced to eligible shareholders during the year ended 30 June 2004. The DRP was underwritten by UBS AG.

In light of the Company's strong operating performance, reduced earnings volatility, strengthening credit ratios and continuing lower levels of capital expenditure, the Board has revised its dividend policy. Going forward, the Board will target a higher payout ratio, approaching 80% through the cycle versus the previously indicated target of 70%.

A fully franked final dividend for 2004 of 11.0 cents has been declared taking the total dividend per share for 2004 to 16.5 cents per share, 26.9% higher than the prior year.

As part of the company's capital management strategy, the Company continues to offer a DRP to shareholders but will remove the current 2.5% discount on the issue of shares under the Plan beginning in the 2005 financial year. However, the discount will apply to the final dividend of 11 cents per share for the 2004 financial year.

SIGNIFICANT ITEMS

During the year, a post tax significant gain of $68.4 million was recorded. This comprised a $82.75 million tax consolidation credit offset by $14.4 million of significant items as follows:

- $10.4 million (post tax) or $14.8 million (pre tax) in relation to restructuring labour staff and costs through the closure of Spencer St and ensuing industrial action at Tullamarine print centre; and
- $4.0 million (post tax) or $5.7 million (pre tax) for the editorial restructure in Sydney. Both these events will result in cost savings going forward. ■

1. ROB ANTULOV

DIRECTOR, STRATEGY

RESPONSIBILITIES

Work with CEO and executive management to set corporate and business unit strategy; enhance strategic planning capability across the group; assess and act on corporate development and M&A opportunities.

In the past 12 months we've been successful in not just setting and articulating our strategy, but importantly, we've delivered against it.

Regarding organic growth, strategic options were always assessed in the context of their strategic fit and our financial criteria: ensuring that existing and new publications delivered compelling news and information to their target audiences, thereby enabling our advertisers to continue to reach these audiences efficiently.

Looking ahead, we will continue to create growth opportunities for the business, in part by continuing to monitor the market carefully for corporate development opportunities. However, we will also ensure that our current businesses have the right plans in place to deliver real growth by focusing on the needs of our readers and our advertisers.

2. 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.*

The AFR is unparalleled in business publishing, and our business magazines grew over the year. We delivered an excellent result through the ability of the team to maintain a strong cost focus while capturing significant new revenue. The AFR has consistently outperformed its peers around the world through the cycle. This year we aim to further strengthen our core business and to build upon it.

3. PETER GRAHAM

DIRECTOR, GROUP OPERATIONS

RESPONSIBILITIES

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

The establishment of Tullamarine and the upgrade to Chullora, turning them into full-colour print centres, has been a major achievement. Both plants have excellent on-time running performance. Another highlight was the receipt by all 3 Fairfax printing plants in Australia of the IFRA Quality Award – the global industry's highest commendation. We have also had continued focus on safety, with lost time injuries declining by a further 30%.

We want to make more effective use of our printing and distribution capacity to meet the needs of our readers and advertisers. We will also further develop publishing services and our IT networks as key corporate services.

4. 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.

This was an important year in ensuring prompt and successful completion of the INL acquisition in New Zealand and Text Media in Victoria. The scope of corporate governance reporting has also increased dramatically, as can be seen in this year's annual report. Defamation law is increasingly litigious, and we are working to obtain consensus on a sensible national defamation statute. All of these issues will be of high importance in the coming year. I consider among the most important work under my responsibility is to help ensure that we continue to publish, without fear, the courageous journalism our reporters and editors deliver to our readers.

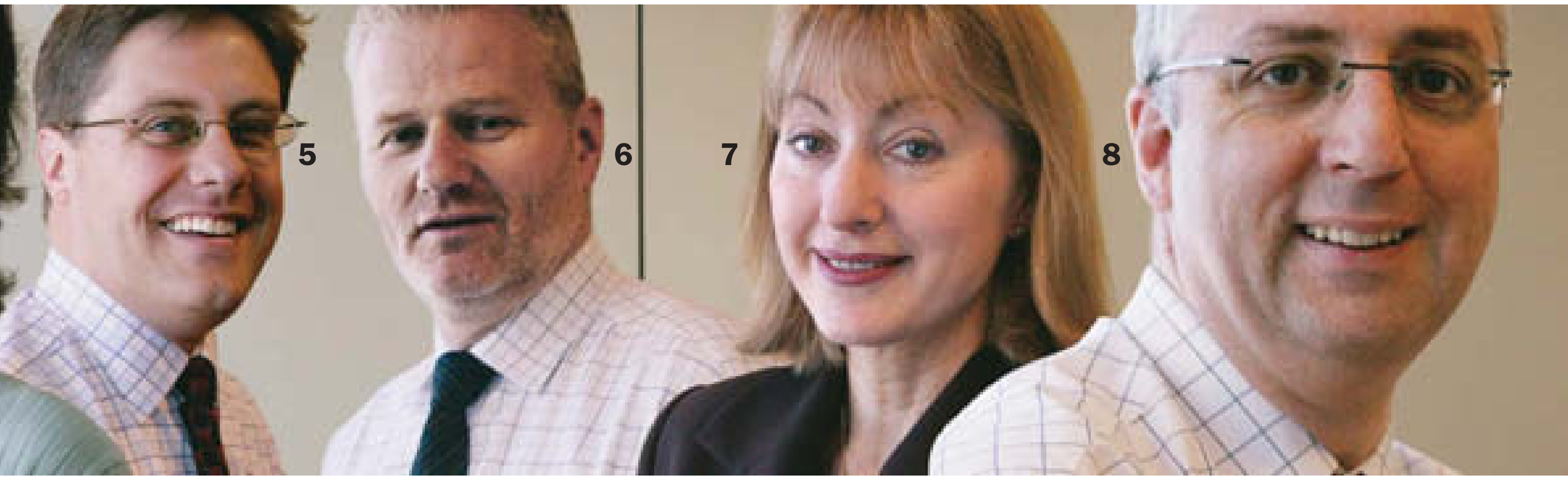
5. JAMES HOOKE

GENERAL MANAGER, FAIRFAX REGIONAL AND COMMUNITY NEWSPAPERS

RESPONSIBILITIES

Management of the FRCN Division of over 50 mastheads, including *The Newcastle Herald, The Illawarra Mercury, The St George* and *Sutherland Shire Leader, The Warrnambool Standard, The Dandenong Journal, Melbourne Weekly* and *The Melbourne Times.*

FRCN achieved record profitability through double-digit organic revenue and earnings growth. This financial result was the outcome of excellent editorial quality that met the needs of the local communities we serve. We are very proud that our newspapers won over 30 journalistic and photographic awards including 3 Walkleys. Jenny Dennis from The Illawarra Mercury *won the prized Walkley for investigative journalism, beating out* Four Corners *(ABC TV) and* Sunday *(Nine Network). Our strong advertising growth was achieved by a team that is*



committed to delivering advertising results for our local clients. Free circulation increased by more than 23% through the addition of 11 mastheads to the group - five through the acquisition of Text Media, two smaller acquisitions and four newly launched titles. Circulation on our paid regional titles was up by 1.2%.

Ahead, we see continued expansion of our community footprint with a focus on quality local editorial content. We will be working with all parts of Fairfax to develop advertising solutions for clients across the full range of Fairfax mastheads.

6. ALAN REVELL

MANAGING DIRECTOR, COMMERCIAL

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, Fairfax Digital. The Commercial Division is also responsible for Fairfax Enterprises and identifying growth opportunities.

Last year, we established group functions across display advertising, marketing, and key categories, and for the first time introduced an integrated Fairfax-wide ad sales program. With the recovery in employment advertising, we engineered bundled print-online combinations. In real estate, our overall market position improved, particularly with the successful acquisition of Text Media in Victoria. We are aggressively pursuing revenue growth through our contact centres. We have created a new business with Fairfax Enterprises. Fairfax Digital posted its first profit, maintained its leadership as the #1 News sites in the country, and built its online classified franchises. Our major objectives are to continue to improve AB readership profile of major titles, while driving overall circulation market share growth. We want to grow market shares in major classified and display advertising categories, while building new revenues through Fairfax Digital, magazines, Enterprises and other opportunities.

7. LINDA PRICE

DIRECTOR, ORGANISATION DEVELOPMENT

RESPONSIBILITIES

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

We implemented a new Fairfax-wide annual performance review process, with training available to over 4000 managers and employees, advancing a culture of meritocracy through the company. We created a Group Health Safety and Environment function to further build on our outstanding record in these areas. Across the group, we commenced standardising HR policies and procedures. For the year ahead, we will finalise a plan for group-wide succession management, strengthen our recruitment and performance management capabilities, and add to our learning and development programs.

8. MARK SCOTT

EDITOR IN CHIEF
METROPOLITAN NEWSPAPERS

RESPONSIBILITIES

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

First and foremost is our continued commitment to both editorial excellence and product improvement across metropolitan newspapers.

Our papers have continued to break news and set the news agenda, such as the exposure of the fraud behind the book Forbidden Love *and strong leadership in covering the Melbourne underworld murder story.* The Age *dominated the Melbourne Quill awards and senior correspondent Paul McGeough won acclaim for his coverage of the Iraq War.*

New sections have been designed to attract new advertisers and wider readership, such as Health and Science, and Radar in the SMH.

We initiated a renewal of the Sunday newspapers: new Agenda, Travel and AFR investor sections for The Sunday Age; S, Sunday Extra *and* AFR Investor *in* The Sun-Herald.

Michael Gawenda announced he was standing down as Editor-in-Chief of The Age *and will take up appointment as senior correspondent in Washington from early 2005. His successor is Andrew Jaspan, currently Editor of* The Sunday Herald *newspaper in Scotland.*

In the year ahead, we want to grow readership in target areas through quality journalism: building our reputation for breaking news and being the most credible, fair and accurate news source in the country. We will strengthen the competitive position of The Age *in Melbourne, maximising our capacity to deliver innovative and contemporary newspapers using our new plant at Tullamarine.*

SANKAR NARAYAN

CHIEF FINANCIAL OFFICER

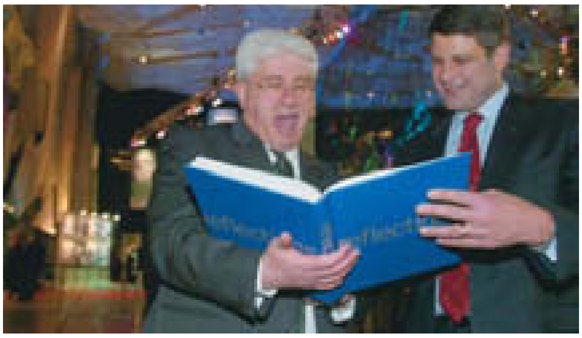
SEE PAGE 10

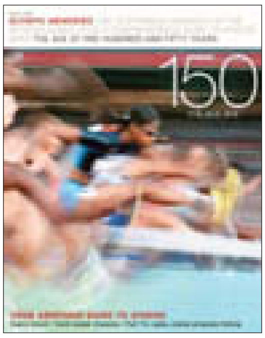
BRIAN EVANS

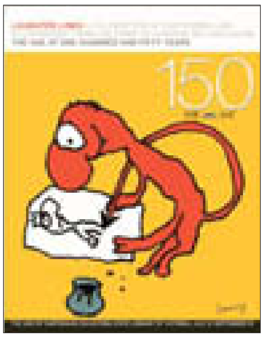
CEO, FAIRFAX NEW ZEALAND

SEE PAGE 18

MICHAEL GAWENDA, AGE EDITOR-IN-CHIEF, AND PREMIER STEVE BRACKS LAUNCH REFLECTIONS;
COMMEMORATIVE PUBLICATIONS







THE AGE, MELBOURNE'S OLDEST NEWSPAPER, TURNS 150 ON OCTOBER 17 THIS YEAR.

Since 1854 it has played a pivotal role in the life of Victoria, mirroring its transformation from gold rush boom state, to birthplace of Federation, through two world wars, a depression and the modern era to the vibrant place it is today.

Speaking during the anniversary celebrations, Editor-in-chief of *The Age*, Michael Gawenda, said *The Age* has endured as a constant in the life of the city, state and nation.

"*The Age* has reflected and celebrated the community it serves and held to account those in the community who have the power and privilege to shape its future. The hallmark of *The Age* has been its reputation for fearless, fair and independent journalism. Since the beginning, readers have looked to *The Age* for leadership on key issues, they have turned to the paper because they trust its judgement and its reputation for accuracy; a quality we hold as sacrosanct".

To mark this important milestone, *The Age* organised a program of events, exhibitions, commemorative supplements, merchandise and a special 150th anniversary web site which includes more than 1,000 of the best articles and photographs that have appeared in the paper since 1854. In its first two months, the web site attracted more than 300,000 page views.

The Age also published a book called "*Reflections*" in August.

Edited by Steve Foley and published by Random House, *Reflections* captures the biggest events in news, politics, sport and war recorded by the most respected journalists and photographers of the day. The result is a visual record of the city, a state, its people, and some of the great moments in the past 150 years. The book contains 700 images which celebrate 150 years of excellence in journalism.

The book was launched at a gala ceremony at Federation Square in Melbourne led by Fairfax Chairman Dean Wills and editor-in-chief of *The Age*, Michael Gawenda, attended by 350 guests.

"The history of *The Age* is the history of Victoria," Mr Wills said, reaffirming the "founding genius" of *The Age* and marking its 150th birthday with "a call for renewal and rededication".

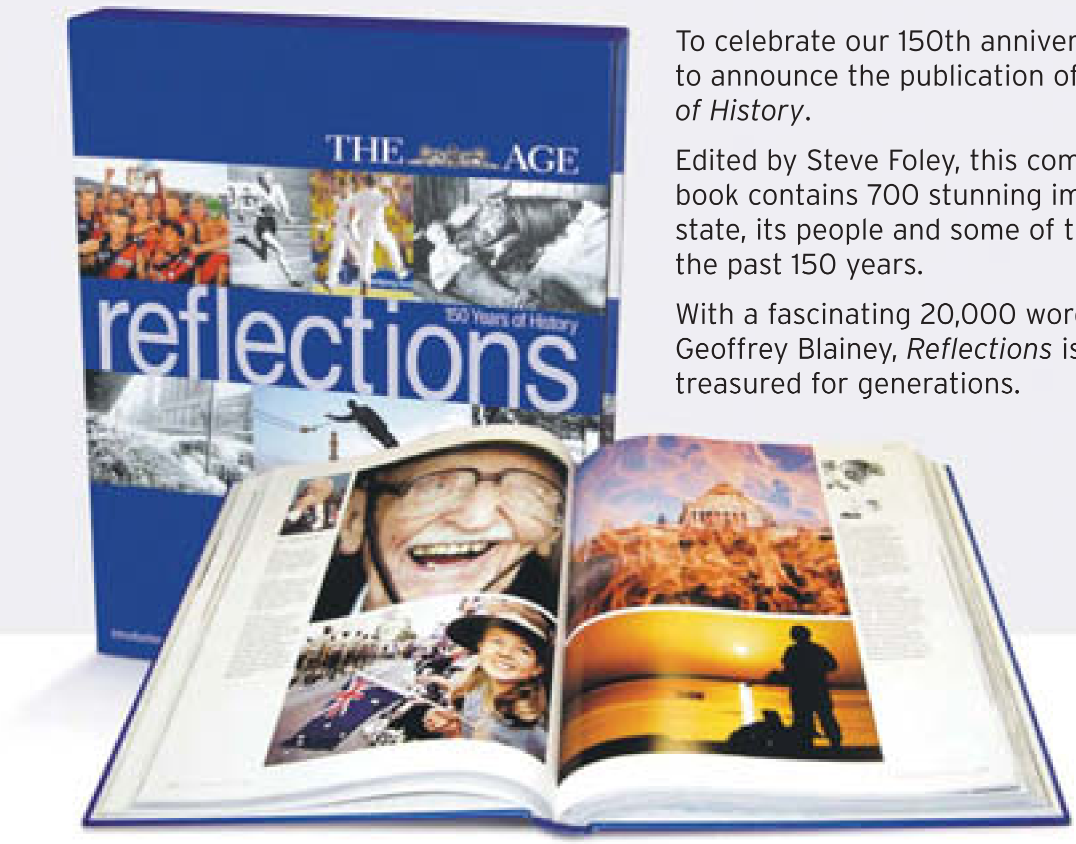
Launching the book, the Premier of Victoria, Steve Bracks, said *The Age* had played a vital role in the democratic life of Victoria, and *Reflections* was an invaluable publication which documented the development of the state.

Announcing *The Age*'s 150th program of events in the lead-up to October 17, *The Age* invited all Victorians to participate. Some of the events include:

- **The Age of Cartooning exhibition**– a free exhibition of cartoon and illustrations that have appeared in *The Age*. This exhibition at the State Library of Victoria which is also celebrating its 150th anniversary this year attracted more than 40,000 visitors. A cartoon competition was also conducted for readers and were displayed as part of the exhibition.
- **Photographic exhibition** – a free photographic exhibition at Federation Square featuring some of Melbourne and Victoria's biggest news events and other fascinating images of Melbourne. This exhibition proved extremely popular with Melburnians and visitors alike.
- **The Age Conversations Series** – a series of forums with leading *Age* journalists and writers in Melbourne and regional Victoria, as well as other well-known speakers. Part of the proceeds from the series are being donated to Melbourne City Mission which is also celebrating its 150th anniversary this year.
- **The Age Photographic Forums** – A series of reader forums in regional Victoria which enables readers to see part of *The Age*'s extraordinary collection of photographs and involves photographers discussing the highlights and dilemmas of their profession.
- **150 Years-150 Books-150 Words** – A partnership between the State Library and *The Age,* run by the Australian Centre for Youth Literature, celebrates the diversity and richness of Victorian literature.
- **The Age Art Challenge** – In conjunction with Art Education Victoria, students were given the opportunity to design and create works of art that represent Victoria. The artwork will be displayed on the walls of *The Age* building.

A series of commemorative souvenir magazines and posters are being published. A special commemorative edition including a reproduction of the first issue of *The Age* on October 17, 1854 will be published on the anniversary weekend as part of community celebrations in Victoria.

Reflections:
A visual record of 150 years.



To celebrate our 150th anniversary, The Age is proud to announce the publication of *Reflections: 150 Years of History*.

Edited by Steve Foley, this commemorative 372-page book contains 700 stunning images of the city, the state, its people and some of the great moments in the past 150 years.

With a fascinating 20,000 word introduction by Geoffrey Blainey, *Reflections* is a book to be treasured for generations.

THE AGE
150 YEARS – SINCE 1854

Order your copy of *Reflections* presented in a special slip case.

Call 9604 1360, visit www.150.theage.com.au or complete and mail this form to: The Age Reflections, GPO Box 354E, Melbourne 3001

Please send _____ copies for total payment $ _____

☐ $52 (+$6 postage) for Age subscribers

☐ $65 (+$6 postage) for others (incl. 4 weeks subscription to The Age)

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Mr/Mrs/Ms

GIVEN NAME

Surname

Address

Postcode

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Subscriber Number

Source code: REFL AGE 0704

FAIRFAX NEW ZEALAND

BRIAN EVANS

FAIRFAX NEW ZEALAND EXCELS

Fairfax New Zealand has enjoyed an excellent first year since the acquisition of the INL publishing businesses. The senior team has worked hard to manage the implementation and, at the same time, strengthen the publications and websites. Our mastheads have improved, our systems have been revamped, and our overall performance is at the higher end of our objectives. We are growing, we are winning awards for excellence in journalism, and we believe the future contains more opportunity.

In a buoyant NZ economy we have witnessed strong growth in national advertising, with revenues up over 9 per cent. At the same time, we have kept tight controls on costs, and introduced group purchases for services such as IT and telecoms. Along with other synergies, we have obtained significant savings that have contributed to the financial performance and efficiency of our publishing operations.

From the beginning of our management of Fairfax New Zealand, a key priority was to build on the excellence of our mastheads, improving their quality and content.

The changes that have been introduced have proven to be popular with readers and advertisers alike. The shift of the *Waikato Times*' Saturday edition from an afternoon to a morning paper has been an outstanding success. It has gone from an 80-page paper to a regular 110 pages minimum. This demonstrates the increased level of support from advertisers and has meant more coverage of local and national stories for our readers.

Launching a new publication tests the abilities of most publishers but the team at Fairfax Sundays and Fairfax Magazines worked together magnificently to launch a first for New Zealand in ***Sunday***, a high-quality glossy magazine that is inserted in The *Sunday Star-Times*. From the inaugural issue, it has received accolades from advertisers and readers, and strengthened the circulation base of the SST. The launch of the magazine came hot on the heels of The *Sunday Star-Times* being voted Newspaper of the Year at this year's prestigious Qantas Media Awards. This was just one of more than 35 awards won by Fairfax publications in New Zealand.

The Dominion Post had a superb year, breaking two of the major stories in the country involving politicians and the police, reinforcing its reputation in the nation's capital and nationally as a paper of authority and credibility.

Our business coverage through the expanded Business Day section at *The Dominion Post*, *The Press* in Christchurch, and the *Waikato Times*, has been greatly augmented by finance and business news and analysis supplied by *The Australian Financial Review* – providing a big boost to the scope of what we offer business readers.

Our Suburban newspapers in Auckland, Wellington and Christchurch have performed well. Closely tailored to their communities and local advertisers, our suburban papers continue to strengthen in their local markets.

Our magazines are leaders in their categories in New Zealand, with titles such as *Cuisine* setting the pace for lifestyle magazine publishing, and *TV Guide* continuing its huge circulation run.

In the future, we see opportunity for expansion of our publications in a range of markets and the communities we serve. We will continue to build on what has been a year of real achievement. ■

PEOPLE ACHIEVE MORE IN FIN LAND.

Our achievements in the last year include:

- The launch of the Life&Leisure section on Fridays and weekends addressing the lifestyle interests of AFR readers.
- The launch of a new Education section on Mondays to address the needs of this sector and those looking to manage their professional development.
- An enhanced and expanded Marketing & Media section on Mondays.
- The launch of The Australian Financial Review Investor section in The Sun-Herald and The Sunday Age bringing the investment insights of the AFR to a valuable new audience.

Through constant innovation the AFR continues to deliver quality and respected coverage to Australia's business, finance and investment communities. **To subscribe call 1800 646 990 or visit afr.com/subscribe/dailyhabit.**

THE DAILY HABIT OF SUCCESSFUL PEOPLE.

FAIRFAX AWARDS FOR 2003/2004

AWARD	ORGANISATION/AWARD CEREMONY	WINNER
THE SYDNEY MORNING HERALD AND THE SUN-HERALD		
Journalism Leadership	The Walkey Award 2003	Paul McGeough
International Journalism *"The Iraq War"*	The Walkley Award 2003	Paul McGeough
Social Equity Journalism Award *"On The Inside, No-one Can Hear You Scream"*	The Walkley Award 2003	Greg Bearup
Highly Commended in Website Category	2003 PANPA Newspaper Marketing Awards	Herald Education Online
Finalist in Young Reader Category	2003 PANPA Newspaper Marketing Awards	Herald Education Online
Finalist in Public Relations, Programs and Events	2004 INMA Newspaper Marketing Awards	Good Food Month
Finalist in Community Events	2003 PANPA Newspaper Marketing Awards	Good Food Month
Certificate of Merit in Newspapers in Education category	2004 INMA Newspaper Marketing Awards	The Sun-Herald Class Scoop Program
Bronze Medal	21st National Print Awards for Embellishment	Good Food Month Invitation
Finalist Education	2004 International Newspaper Marketing Awards (INMA)	The Sun-Herald Class Scoop Literacy Program
Winner 1st prize Premiums/Incentives (over 3,000)	2004 International Newspaper Marketing Awards (INMA)	The Sydney Morning Herald Australian Authors Bookmark Series
Best Print Story *"Waughs' Finale A First-Class Thriller In The Dark"*	Cricket NSW Media Awards 2004	Trevor Marshallsea
Best Photograph Image Of Paceman Brett Lee Bowling For NSW Before A Sign Saying "Slow Down"	Cricket NSW Media Awards 2004	Tim Clayton
Lifetime Achievement Award	Cricket NSW Media Awards 2004	Phil Wilkins
Sports Photo Of 2003	World Press Photo Contest 2003	Tim Clayton
Print Award - War In Iraq	United Nations Association Of Australia Media Peace Awards 2004	Paul McGeough
Photo-Journalism Award For His Work In Pre-War Iraq	United Nations Association Of Australia Media Peace Awards 2004	Jason South
Outstanding Coverage Of Architectural Subjects.	Adrian Ashton Award 2004	Geraldine O'Brien
Special Citation For An Investigative Series On Public Land Leases	Investigative Reporters and Editors Awards 2004, USA	Gerard Ryle and Brian Robins
Best Print News Category	The Australian Council Of Deans Of Education Journalism Awards 2003	Linda Doherty
THE AGE		
Journalistic Leadership	The Walkley Award 2003	Paul McGeough
International Journalism – *"The Iraq War"*	The Walkley Award 2003	Paul McGeough
Press Photographer Of The Year	The Walkley Award 2003	Jason South
Photographic Essay – *"Iraq"*	The Walkley Award 2003	Jason South
Coverage of Indigenous Affairs – *"Sweeter Dreaming"*	The Walkley Award 2003	Michael Gordon
Social Equity Journalism – *"On The Inside, No-one Can Hear You Scream"*	The Walkley Award 2003	Greg Bearup
Outstanding Contribution To Australian Swimming	Swimmer Of The Year Awards 2003	Chloe Saltau
Award of Excellence	SND 25th Annual Best of Newspaper Design Competition	Other feature section design (Drive section); Travel section design; Home/real estate section design (Domain section); Page designer portfolio, combination; Magazines cover design (Travel Ski and Snow supplement)
Lifetime Achievement Award	2004 Quill Awards	Claude Forell
Best Sports Story in any Medium for *"Demons Trio in Betting Scandal"*	2004 Quill Awards	Caroline Wilson
Best Page Layout: for the Iraq War, The Sunday Age	2004 Quill Awards	Warwick McFadyen
Best Deadline Report in any Medium: for Canberra firestorm	2004 Quill Awards	Brendan Nicholson
Best Online Report: and for the war in Iraq	2004 Quill Awards	Simon Johanson and Hugh J Martin
Best News Photograph: for 100 year storm	2004 Quill Awards	Heath Missen
Best Features Photograph: for boxer	2004 Quill Awards	Simon Schluter and Edith Smith
Best Illustration in any Medium: for terror's principal lessons	2004 Quill Awards	Mick Connolly
Best Feature in Print: for *"Suicide: Men at Risk"*	2004 Quill Awards	Julie-Anne Davies and Steve Waldon
Tattersall's Gold Quill Award: for *"Suicide: Men at Risk"*	2004 Quill Awards	Julie-Anne Davies and Steve Waldon
Certificate of Merit for Sport Content Campaign Category: Radio Promotion	INMA 2004	
First Place, The Age Tertiary Program Category: Outstanding Results, Circulation over 300,000		
Awarded: Silver Award for The Age Apartment Promotion Category: Best Activity Generating Brand Loyalty	APMA 2004	
Awarded: Highly Commended, The Age Tertiary Program Category: Circulation over 50,000	PANPA 2003	
Environmental Award – Media	Bayer 2003	Melissa Fyfe
Media Award	Diggers & Dealers Mining Forum 2003	Barry Fitzgerald
Media Award	Australian College of Educators Victorian Branch 2003	Alice Russell
National Museum of Australia's 2003 Political Cartooning Competition		Ron Tandberg
Legal Reporting Awards	Sponsored by the Victoria Law Foundation	
Best Report In Print		William Birnbauer
Best News Breaking Report		William Birnbauer
Columb Brennan Award For Excellence In Court Reporting		Peter Gregory
Best Deadline Report		John Silvester
First place: The Age Tertiary Program in the "most outstanding results" category	2004 INMA Awards	
Silver Award: The Age apartment promotion in the "best activity generating brand loyalty" category.	2004 Australasian Promotion Marketing Awards Of Excellence	
FAIRFAX REGIONAL AND COMMUNITY NEWSPAPERS		
Journalist of The Year	Prodi Media Awards 2004	Alexandra Smith, The Newcastle Herald
Best News Story	Prodi Media Awards 2004	Alexandra Smith, The Newcastle Herald
Best Comment/Analysis	Prodi Media Awards 2004	Alexandra Smith, The Newcastle Herald
Best Print Feature Series	Prodi Media Awards 2004	Dan Proudman, The Newcastle Herald
PF Adams Cadet of the Year Award	Prodi Media Awards 2004	Michael Gadd, The Newcastle Herald
Best Print Feature	Prodi Media Awards 2004	Greg Ray, The Newcastle Herald
Best Sports Feature	Prodi Media Awards 2004	Brett Keeble, The Newcastle Herald
Coverage Of Suburban And Regional Affairs – *"Plagarism Crisis at Newcastle University"*	The Walkley Awards 2003	Alexandra Smith, The Newcastle Herald
News Photography – *"The Ashes"*	The Walkley Awards 2003	Darren Pateman, The Newcastle Herald
Investigative Journalism Award – *"Prostituted"*	The Walkley Awards 2003	Jenny Dennis, Illawarra
Disability Network Media Award 2003		Joanne McCarthy, The Newcastle Herald
Woman of Enterprise Award	Hunter Business Women's Award 2004	Julie Ainsworth, The Newcastle Herald
Best Feature	Community Newspapers of Australia Awards 2003	Justin Vallejo, The Newcastle Herald
Community Service Award	Community Newspapers of Australia Awards 2003	Frankston & District Journal
Best News Story	Community Newspapers of Australia Awards 2003	Amanda Fisher, FCN Victoria

AWARD	ORGANISATION/AWARD CEREMONY	WINNER
Best Sport Picture	Community Newspapers of Australia Awards 2003	Craig Cahill, FCN Victoria
Best Mono/Spot Advertisement	Community Newspapers of Australia Awards 2003	Helen Downes-DeHek, FCN Victoria
Victorian Award for Excellence in Multicultural Affairs		Dandenong Journal
CUB Award	Cricket Victoria Media Awards	Phil McLeod, FCN Victoria
Women's Cricket Award	Cricket Victoria Media Awards	Steven Milne, FCN Victoria
Our Communities Leadership Award		Mike Austin, FCN Victoria
Best Print Article 2003	Western Region Lions Club	Melissa Heagney, FCN Victoria
Best Print Article 2003	Western Region Lions Club	Shawn Smits, FCN Victoria
General Award	Sunshine Heights Sports Club Media Awards	Mike Austin, FCN Victoria
Sport Award	Sunshine Heights Sports Club Media Awards	Steven Milne, FCN Victoria
National Media Section	Can Do Community Awards 2004	St George and Sutherland Shire Leader
Trophy of Appreciation For Support of Opera on the Beach	Sutherland Shire Council	St George and Sutherland Shire Leader
Princess Highway Campaign	Healthy Cities Illawarra Awards	Illawarra Mercury
Best photo for 2003-2004	National Basketball Awards	Wayne Venables, Illawara
Best Political Cartoon	Rotary National Cartoon Awards 2003	Vince O'Farrell, Illawara
Best Feature Series	Rural Press Council	The Warrnambool Standard
General Excellence in reporting drug and alcohol issues	Rural Victoria Alcohol and Drugs Award	The Warrnambool Standard
Best Coverage	Country Vic Basketball Council Junior Jamboree 2003	The Warrnambool Standard
Award for Excellence	Rotary District 9780 Public Relations and Media Awards 2004	The Warrnambool Standard

FAIRFAX BUSINESS MEDIA

Commentary, Analysis, Opinion and Critique *'Before, During, and After the Fall'*	The Walkey Awards 2003	Tony Walker, The Australian Financial Review
First in Entertainment and Consumer Technology category	B&T Folio Awards 2003	BRW ad - Lift
Gold Client Choice Award	B&T Folio Awards 2003	BRW ad - Lift
Finalist in the *'Campaign category'*	B&T Folio Awards 2003	BRW ad - Lift

GROUP OPERATIONS

International Award for Quality	International Newspaper Quality Club for 2004-2006	Fairfax Printers at Chullora, The Age Print Centre Tullamarine, Fairfax Regional Printers Beresfield
Bronze Award for Energy Smart Business Program	SEDA – Green Globe Awards	Fairfax Printers Sydney
	*21st National Print Awards	Magazine Operations; Good Weekend Magazine

FAIRFAX NEW ZEALAND

DB Breweries Award		
Sport and Racing – *'Big Game Marred as Guards got Heavy'*	Qantas Media Awards 2004	Murray Hills, The Daily News
The Nikon Career Development Prize	Qantas Media Awards 2004	Phil Reid, Dominion Post
Crime and Justice *'Michael Carroll'*	Qantas Media Awards 2004	Chris Mirams, Dominion Post
Government, Diplomacy & Foreign Affairs *'Donna Huata: The Evidence'*	Qantas Media Awards 2004	Philip Kitchin, Dominion Post
Information and Communications Technology – The Boeing Co. Award' 'Action on Phone Cameras'	Qantas Media Awards 2004	Richard Wood, Dominion Post
Columnist	Qantas Media Awards 2004	Joanne Black, Dominion Post
Food and Nutrition	Qantas Media Awards 2004	David Burton, Dominion Post
Politics	Qantas Media Awards 2004	Michael Bassett, Dominion Post
Senior Photography	Qantas Media Awards 2004	Phil Reid, Dominion Post
Best Single Arts Picture *'Aerialist'* (Creative New Zealand Award)	Qantas Media Awards 2004	Ross Giblin, Dominion Post
Best Single Arts Picture by a Junio *'Ballet Dancer'* (Creative New Zealand Award)	Qantas Media Awards 2004	Claire De Barr, Dominion Post
Best Newspaper Poster	Qantas Media Awards 2004	Dominion Post
Junior Reporter	Qantas Media Awards 2004	Bevan Hurley, Manawatu Standard
Newspaper Feature Writer *'Loud And Unclear'*	Qantas Media Awards 2004	Richard Bosselman, Motoring, Manawatu Standard
Junior Photography	Qantas Media Awards 2004	Iain McGregor, Marlborough Express
Senior Reporter	Qantas Media Awards 2004	Yvonne Martin, The Press
Environment and Conservation- Shell New Zealand Award *'Deadline Scare for Business Growth'*	Qantas Media Awards 2004	Kamala Hayman, The Press
Junior Newspaper Feature Writer	Qantas Media Awards 2004	Anna Claridge, The Press
Crime and Justice *'Dead Reckoning'*	Qantas Media Awards 2004	Matt Conway, The Press
Food and Nutrition *'Dodging Diabetes'*	Qantas Media Awards 2004	Kate Fraser, The Press
Human Relations *'Fall from Grace'*	Qantas Media Awards 2004	Yvonne Martin, The Press
Social Issues *'Ravages of a Car'*	Qantas Media Awards 2004	Dave Courtney, The Press

SPORT AND RACING

DB Breweries Award	Qantas Media Awards 2004	Tony Smith, The Press
Editorial Graphics Artist	Qantas Media Awards 2004	The Press Graphics Tea
Best Single Breaking News Picture *'Fire'*	Qantas Media Awards 2004	David Hallet
Best Single Picture *'Rodeo Disaster'*	Qantas Media Awards 2004	Peter Meecham, Southland Times
Best Single Feature Picture *'Little Owls'*	Qantas Media Awards 2004	Barry Harcourt, Southland Times
Best Single Sports Picture *'Mountain Bike Crash'*	Qantas Media Awards 2004	Peter Meecham, Southland Times
General Reporter *'Disaster'*	Qantas Media Awards 2004	Kirsty Winn, Sunday News
Senior Newspaper Feature Writer	Qantas Media Awards 2004	Anthony Hubbard, Sunday Star-Times
Food and Nutrition	Qantas Media Awards 2004	Kim Knight, Sunday Star-Times
General *'For the Love of Carolina'*	Qantas Media Awards 2004	Donna Chisholm, Sunday Star-Times
Business, Finance and Consumer Affairs	Qantas Media Awards 2004	Rod Oram, Sunday Star-Times
NZ Trade And Enterprise Journalism Award	Qantas Media Awards 2004	Rod Oram, Sunday Star-Times
Best Daily Or Weekly Newspaper	Qantas Media Awards 2004	Sunday Star-Times
Best Weekly Paper	Qantas Media Awards 2004	Sunday Star-Times
Best Newspaper Front Page	Qantas Media Awards 2004	Sunday Star-Times
Newspaper Feature Writer – Tourism And Travel *'After The Fighting'*	Qantas Media Awards 2004	Jill Worrall, Timaru Herald

FAIRFAX DIGITAL

Innovative Online Media Strategy	Internet AWWWARDS 2003	Mycareer.com.au
Innovative Online Media Strategy	Internet AWWWARDS 2003	Interactive@optimedia
Best Online Report	2003 Melbourne Press Club Quill Awards	Simon Johanson and Hugh J Martin, The Age Online

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 2004 and the auditor's report thereon.

DIRECTORS

The directors of the Company in office during the financial year and until the date of this report are:

- Mr Dean Wills, AO
  Non-Executive Chairman
- Mr Mark Burrows
  Non-Executive Director
- Sir Roderick Carnegie, AC
  Non-Executive Director
  Resigned from the Board on 17 September 2004
- Mr Roger Corbett, AM
  Non-Executive Director
- Mr David Gonski, AO
  Non-Executive Director
- Mr Frederick G. Hilmer, AO
  Chief Executive Officer
- Mrs Julia King
  Non-Executive Director
- Mr Ronald Walker, AC, CBE
  Non-Executive Director
- Ms Margaret Jackson, AC
  Non-Executive Director
  Resigned from the Board on 31 August 2004.

A profile of each director as at the end of the financial year is included on page 8 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.

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 $276,014,000 (2003: $125,525,000).

DIVIDENDS

A final fully franked dividend of 8.0 cents per ordinary share and debenture in respect of the year ended 30 June 2003 was paid on 14 November 2003. This dividend was shown as approved in the previous annual report.

An interim fully franked dividend of 5.5 cents per ordinary share and debenture in respect of the year ended 30 June 2004 was paid on 6 April 2004.

The Board has approved a final fully franked dividend of 11.0 cents per ordinary share and debenture in respect of the year ended 30 June 2004 to be paid on 21 October 2004.

Fully franked PRESSES dividends of $3.6732 and $3.6696 per PRESSES were paid on 12 December 2003 and 11 June 2004 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:

- John Fairfax Holdings Limited introduced a Dividend Reinvestment Plan (DRP) to eligible shareholders during the year ended 30 June 2004. The DRP commenced with payment of the final dividend for the year ended 30 June 2003 made on 14 November 2003 and continued with the payment of the interim dividend for the year ended 30 June 2004 paid on 6 April 2004. This resulted in the issue of 35,469,215 shares during the year ended 30 June 2004.
- The Bridge Financing Facility established to finance the acquisition of the New Zealand publishing assets and liabilities of Independent Newspapers Limited as at 30 June 2003 was refinanced.
- On 12 January 2004 the consolidated entity gained control of The Text Media Group Limited.
- The first full year of Fairfax New Zealand's financial results are included in the consolidated entity's Statement of Financial Performance for the year ended 30 June 2004.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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. Recommendations resulting from these annual audits and reports have been, or are being, implemented. No material non-compliance with environmental regulation has been identified relating to the current year.

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 2004 and movements in options during the financial year are included in Note 28.

At the date of this report, total unissued ordinary shares under options granted by the Company were 5,325,000. 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 2004 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 end of the financial year, the Company has paid premiums under contracts insuring the directors and officers of the Company and its controlled entities against liability incurred in that capacity to the extent allowed by the Corporations Act 2001. The terms of the policies prohibit disclosure of the details of the liability and the premium paid.

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	53,020	–	–	–
MD Burrows	20,314	–	–	–
RC Corbett	8,671	–	–	–
DM Gonski	30,314	180	–	–
FG Hilmer	2,948,653	–	–	–
JM King	28,521	128	–	–
RJ Walker	308,671	–	–	–

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	148,336	–	–	–	13,430	161,766	–	161,766
MD Burrows	60,835	5,000	–	–	5,925	71,760	–	71,760
Sir R Carnegie	60,835	–	–	–	5,475	66,310	–	66,310
RC Corbett	60,835	–	–	–	7,517	68,352	–	68,352
DM Gonski	60,835	5,000	–	–	5,925	71,760	–	71,760
FG Hilmer	–	–	1,209,448	1,060,000	167,350	2,436,798	47,294	2,484,092
MA Jackson	60,835	5,000	–	–	5,925	71,760	–	71,760
JM King	60,835	–	–	–	5,475	66,310	–	66,310
RJ Walker	60,835	–	–	–	5,475	66,310	–	66,310

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 $	Severance $	Other (including Superannuation) $	Total Remuneration $	Options+ $	Total Emoluments $
N Leeder, COO Fairfax Digital, (A)	233,292	840,000	119,347	53,986	1,246,625	12,049	1,258,674
B Evans, CEO Fairfax NZ	387,310	250,000	–	103,947	741,257	1,205	742,462
P Graham, Director, Group Operations	394,587	130,000	–	97,459	622,046	5,699	627,745
A Revell, MD Commercial Division	413,298	100,000	–	98,547	611,845	8,039	619,884
G Hambly, Company Secretary	331,274	110,000	–	69,880	511,154	34,330	545,484

(A) N Leeder ceased employment on 1 July 2004.

\+ 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 AASB 1046 'Director and Executive Disclosures for Disclosing Entities' and AASB 2 'Share Based Payment' prospectively for all options granted to directors and relevant executives, which had not vested as at 1 July 2003. The fair value of such grants is amortised and disclosed as part of director and executive emoluments on a straight line 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). From 1 July 2003, options granted as part of director and executive emoluments have been valued using the Black-Scholes valuation method. Refer to Note 28 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		Personnel Policy and Remuneration Committee Meetings	
Director	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
DR Wills**	12	12	3	2	–	–	2	2
MD Burrows	12	10	3	3	–	–	–	–
Sir R Carnegie	12	11	–	–	–	–	2	2
RC Corbett	12	11	–	–	–	–	2	2
DM Gonski	12	12	3	3	–	–	–	–
FG Hilmer*	12	12	3	3	–	–	2	1
MA Jackson	12	11	3	3	–	–	–	–
JM King	12	11	–	–	–	–	2	2
RJ Walker	12	11	–	–	–	–	2	1

* FG Hilmer attended Audit & Risk and Personnel Policy and Remuneration Committee meetings as an invitee of the committees.

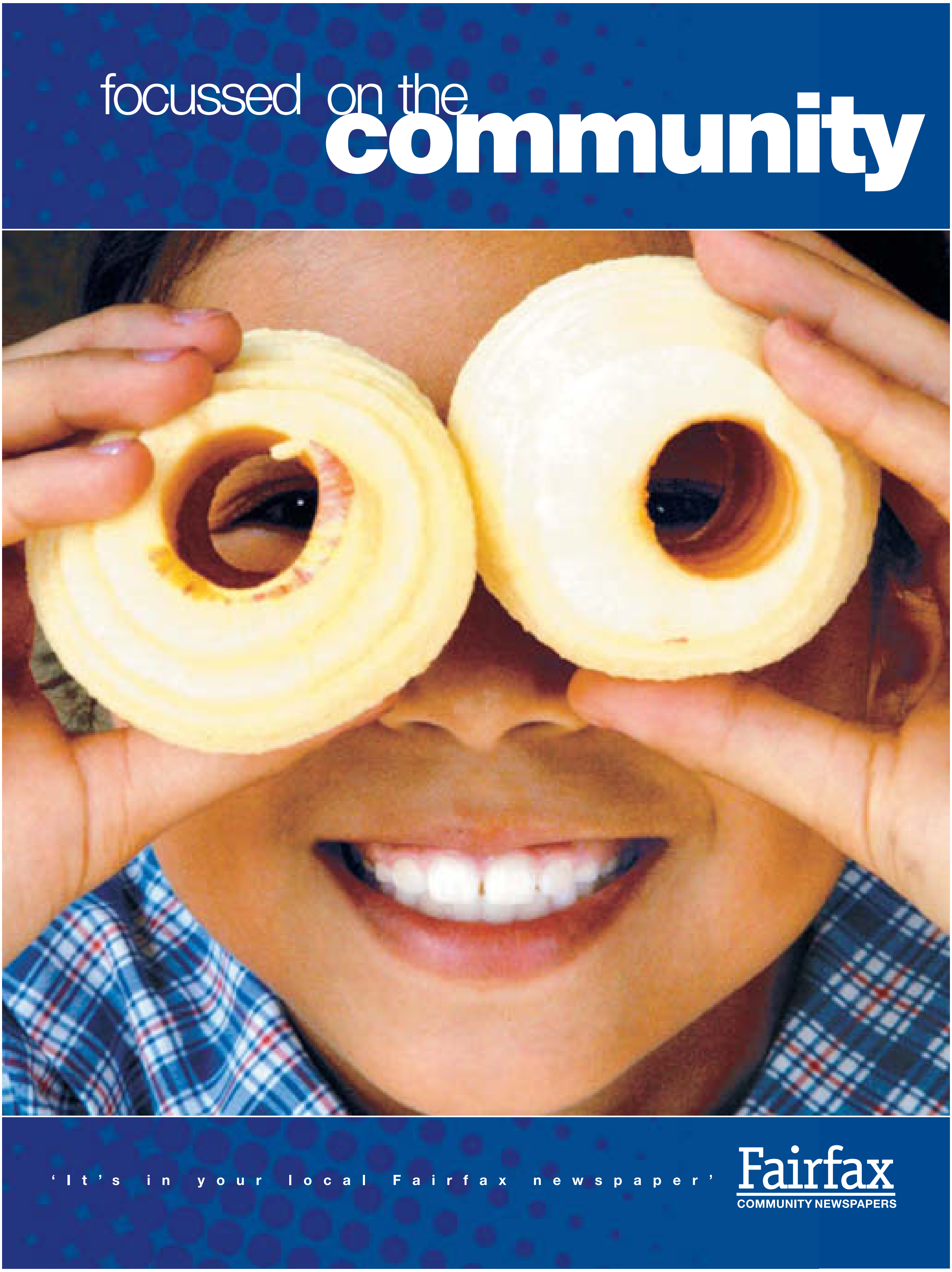
** The Chairman is an ex-officio member of the Audit & Risk and the Personnel Policy and Remuneration Committees.

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, 17 September 2004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CORPORATE GOVERNANCE

The Company has considered the best practice recommendations established in the ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations" ("ASX Principle") and recorded its compliance with the recommendations in the following table.

	Compliance	2004 Annual Report Page Reference
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT OVERSIGHT		
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management	✔	29
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
2.1 A majority of the Board should be independent directors	✔	
2.2 The Chairperson should be an independent director	✔	
2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual	✔	
2.4 The Board should establish a nomination committee	✔	
2.5 Provide the information indicated in **Guide to reporting on Principle** 2.	✔	29
PRINCIPLE 3: ETHICAL AND RESPONSIBLE DECISION MAKING		
3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:	1	
3.1.1 The practices necessary to maintain confidence in the Company's integrity		
3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices		
3.2 Disclose the policy concerning trading in company securities by directors, officers and employees	✔	
3.3 Provide the information indicated in **Guide to reporting on Principle** 3.	✔	28, 31
PRINCIPLE 4: INTEGRITY AND FINANCIAL REPORTING		
4.1 Require the Chief Executive Officer (or equivalent) to state in writing to the board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards	✔	
4.2 The Board should establish and audit committee	✔	
4.3 Structure the audit committee so that it consists of:		
• only non-executive directors	✔	
• a majority of independent directors	✔	
• an independent chairperson, who is not Chairperson of the Board	✔	
• at least three members	2	
4.4 The audit committee should have a formal charter	✔	
4.5 Provide the information indicated in **Guide to reporting on Principle** 4.	✔	28, 30, 31
PRINCIPLE 5: TIMELY AND BALANCED DISCLOSURE		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	✔	
5.2 Provide the information indicated in **Guide to reporting on Principle** 5.	✔	30
PRINCIPLE 6: RESPECT FOR THE RIGHTS OF SHAREHOLDERS		
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	✔	
6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report	✔	30, 31

	Compliance	2004 Annual Report Page Reference
PRINCIPLE 7: RECOGNISE AND MANAGE RISK		
7.1 The Board or appropriate board committee should establish policies on risk oversight and management	✔	
7.2 The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	✔	
7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects	3	
7.3 Provide the information indicated in **Guide to reporting on Principle** 7.	✔	31
PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE		
8.1 Disclose the process for performance evaluation of the Board, its Committees and individual Directors, and key executives.	✔	31
PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY		
9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to Directors and key executives and corporate performance.	4	
9.2 The Board should establish a remuneration committee.	✔	
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	✔	
9.4 Ensure that payment of equity-based executives' remuneration is made in accordance with thresholds set in plans approved by shareholders.	5	
9.5 Provide the information indicated in **Guide to reporting on Principle 9**.	✔	60–65
PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTEREST OF STAKEHOLDERS		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	1	28

The above disclosure should be read in conjunction with the following:

(1) All Directors, managers and employees are required to act honestly and with integrity.
The Company is in the process of developing Codes of Conduct for employees, Directors and consultants. The Codes are intended to assist in upholding ethical standards and conducting business in accordance with applicable laws.
The Codes will also set out the responsibility of individuals for reporting Code breaches.
Supporting the Codes 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.

(2) The Audit and Risk Committee has 2 members since the resignation of Ms Jackson from the Board on 31 August, 2004. The Nominations Committee is presently considering a replacement to return the Committee numbers to 3.

(3) The Company has complied with the 'Guide to Compliance with the ASX Principle 7: Recognise and Manage Risk' prepared by the Group of 100 and endorsed by the ASX Corporate Governance Council;

(4) Disclosure of remuneration policy and procedures are set out on pages 60 to 65 of the Annual Report; and

(5) Equity-based remuneration is not paid to directors. Equity-based remuneration paid to key executives under the Long Term Incentive Scheme has not been approved by shareholders, as the Board considers it to be part of the total compensation package for those executives and should not be individually segregated for separate approval.

Set out below are the key corporate governance principles of the Company.

THE BOARD OF DIRECTORS

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.

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

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

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

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

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

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

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

(g) approve any issues of securities, and entering into any material finance arrangements, including loans and debt issues;

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

Director	Membership Type	Committee Membership: Audit & Risk	Nomin-ation	Personnel Policy & Remun-eration
DR Wills	Independent Chairman	(1)	Chair	(1)
FG Hilmer	CEO	(2)	–	(2)
MD Burrows	Independent	Member	Member	–
Sir R Carnegie(3)	Independent	–	Member	Member
RC Corbett	Independent	–	Member	Member
DM Gonski	Independent	Chair	Member	–
M Jackson(4)	Independent	Member	–	–
JM King	Independent	–	Member	Chair
RJ Walker	Independent	–	Member	–

(1) The Chairman is an ex-officio member.
(2) The Chief Executive Officer attends by invitation.
(3) Sir R Carnegie resigned from the Board on 17 September 2004.
(4) Ms Jackson resigned from the Board on 31 August 2004.

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

Except for the Chief Executive, all Directors (including the Chairman) are considered by the Board to be independent, non-executive Directors.

The Constitution requires that the Board have 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 eight.

The Constitution authorises the Board to appoint Directors to vacancies and to elect the Chairman. One-third of Directors (excluding the Chief Executive and a director appointed to fill a casual vacancy and rounded down to the nearest whole number) must retire at every Annual General Meeting. Other than the Chief Executive, 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.

The Nominations Committee reviews potential Board candidates when necessary. 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 strategy focus.

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 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;
- 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 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.

CHARTER OF AUDIT INDEPENDENCE

The Board has also adopted a Charter of Audit Independence, a copy of which is available on the Corporate 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 rotation of 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.

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.

DISCLOSURE POLICY

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 either the Chairman of the Board of the Audit and Risk Committee before release to the market.

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 Corporate Governance section of the Fairfax website.

The external auditor attends the Annual General Meeting and is available to answer shareholder questions about the audit and the audit report.

RISK MANAGEMENT

The Board has set a risk management policy (including internal control & compliance).

This policy draws upon guidance endorsed by the ASX Corporate Governance Council and seeks to provide a consistent approach to identifying, assessing, and reporting risks, whether they be related to company performance, reputation, safety, environment, internal control, compliance or other risk areas.

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

- Risk is assessed at least annually and revised periodically for each division through the business planning, budgeting, forecasting, reporting and performance management processes.
- The Board through the Audit and Risk Committee receives periodic reports from management (and independent advisers where appropriate) on key risk areas such as treasury, health safety and environment, regulatory compliance, taxation, finance and internal audit.
- The process for assessing and reporting on risks, internal controls and internal compliance is being standardised, enhanced and formalised across the group in accordance with available best practice guidance. This is an ongoing process.
- Formal risk assessments are required as part of business case approvals for one-off projects or initiatives of a significant nature. Project teams are responsible for managing the risks identified.
- Under the direction of the Audit and Risk Committee, Internal Audit conducts a program of internal control reviews over key areas based on their importance to the company, and provides independent assurance over the internal control assessments undertaken by management.

PERFORMANCE REVIEWS

Employees, including key executives, have annual formal performance discussions and assessments with their managers to review performance and set goals for the next year.

The Chairman and the Board formally review the performance of the Chief Executive Officer and set targets for the next year. These review processes also determine short term and long term incentive targets. Each year the Chairman reviews the performance of the Board and individual directors.

REMUNERATION

The Personnel Policy and Remuneration Committee of the Board reviews remuneration policies including remuneration of the Chief Executive 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 is invited to Committee meetings as required to discuss management performance and remuneration.

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

Further details are set out in Note 31 to the Financial Statements.

DIRECTORS' DEALINGS IN COMPANY SHARES

By resolution of the Board each non-executive Director sacrifices at least 25 per cent 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 Fairfax securities.

A Director must not trade in Fairfax 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.

FOR THE YEAR ENDED 30 JUNE 2004
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

FINANCIAL PERFORMANCE

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
Revenues from ordinary activities, excluding interest income	2	**1,773,368**	1,216,645	**155,422**	238,410
Share of net profits of associates and joint ventures	2	**1,408**	1,231	**–**	–
Expenses from ordinary activities, excluding depreciation and borrowing costs	3	**(1,341,815)**	(947,409)	**(93,071)**	(86,824)
Profit from ordinary activities before depreciation, interest income, borrowing costs and income tax		**432,961**	270,467	**62,351**	151,586
Depreciation and amortisation	3	**(85,306)**	(69,209)	**(7,813)**	(6,140)
Profit from ordinary activities before interest income, borrowing costs and income tax		**347,655**	201,258	**54,538**	145,446
Interest income	2	**9,598**	9,322	**158,185**	143,829
Borrowing costs	3	**(81,492)**	(32,811)	**(158,627)**	(129,461)
Profit from ordinary activities before income tax expense		**275,761**	177,769	**54,096**	159,814
Income tax benefit/(expense) relating to ordinary activities	5	**1,012**	(52,023)	**25,903**	(2,094)
Net profit		**276,773**	125,746	**79,999**	157,720
Net profit attributable to outside equity interest	22	**(759)**	(221)	**–**	–
Net profit attributable to members of the Company*	21	**276,014**	125,525	**79,999**	157,720
Net increase in asset revaluation reserve	20	**523**	1,885	**–**	–
Net exchange difference on translation of financial report of foreign controlled entities	20	**18,783**	272	**–**	–
Share issue costs	19	**(1,806)**	(7,943)	**(1,806)**	(7,943)
Total revenues, expenses and valuation adjustments attributable to members of the Company and recognised directly into equity		**17,500**	(5,786)	**(1,806)**	(7,943)
Total changes in equity other than those resulting from transactions with owners		**293,514**	119,739	**78,193**	149,777
Basic earnings per share (cents)	23	**29.07**	14.38		
Diluted earnings per share (cents)	23	**28.81**	14.38		
* **Net profit attributable to members of the Company comprises:**					
Ongoing operations		**207,644**	125,525	**79,999**	157,720
Significant items, net	4	**68,370**	–	**–**	–
		276,014	125,525	**79,999**	157,720

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

FINANCIAL POSITION

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
CURRENT ASSETS					
Cash assets		**28,105**	19,446	**–**	14,566
Receivables	7	**270,662**	257,481	**4,685**	5,040
Inventories	8	**42,079**	40,903	**–**	–
Other financial assets	10	**683**	1,008	**–**	–
Tax assets	13	**6,887**	221	**7,535**	16
Total current assets		**348,416**	319,059	**12,220**	19,622
NON-CURRENT ASSETS					
Receivables	7	**3,268**	2,239	**1,227,837**	1,267,333
Investments accounted for using the equity method	9	**8,129**	7,031	**–**	–
Other financial assets	10	**24,538**	34,745	**155,329**	83,356
Property, plant and equipment	11	**780,416**	819,726	**47,999**	30,911
Intangible assets	12	**2,314,919**	2,203,888	**199**	196
Tax assets	13	**51,504**	39,463	**47,544**	2,993
Total non-current assets		**3,182,774**	3,107,092	**1,478,908**	1,384,789
Total assets		**3,531,190**	3,426,151	**1,491,128**	1,404,411
CURRENT LIABILITIES					
Payables	14	**255,017**	278,634	**23,700**	17,571
Interest-bearing liabilities	15	**43,289**	645,608	**7,503**	–
Provisions	17	**50,649**	49,500	**3,633**	3,564
Total current liabilities		**348,955**	973,742	**34,836**	21,135
NON-CURRENT LIABILITIES					
Non interest-bearing liabilities	18	**109**	972	**–**	–
Interest-bearing liabilities	15	**1,074,352**	574,154	**–**	–
Deferred tax liabilities	16	**1,654**	60,418	**2,134**	–
Provisions	17	**37,372**	35,103	**2,652**	2,896
Total non-current liabilities		**1,113,487**	670,647	**4,786**	2,896
Total liabilities		**1,462,442**	1,644,389	**39,622**	24,031
Net assets		**2,068,748**	1,781,762	**1,451,506**	1,380,380
EQUITY					
Contributed equity	19	**1,357,668**	1,229,492	**1,357,668**	1,229,492
Reserves	20	**26,402**	7,096	**–**	–
Retained profits	21	**679,817**	540,852	**93,838**	150,888
Total parent entity interest in equity		**2,063,887**	1,777,440	**1,451,506**	1,380,380
Total outside equity interest	22	**4,861**	4,322	**–**	–
Total equity		**2,068,748**	1,781,762	**1,451,506**	1,380,380

FOR THE YEAR ENDED 30 JUNE 2004
JOHN FAIRFAX HOLDINGS LIMITED AND CONTROLLED ENTITIES

CASH FLOWS

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,926,595**	1,337,086	**–**	–
Payments to suppliers and employees		**(1,551,823)**	(1,060,087)	**(140,778)**	(78,015)
Redundancy and severance payments		**(16,925)**	(17,578)	**–**	–
Dividends and unit trust income received		**3,544**	527	**–**	–
Interest received		**9,598**	9,322	**79**	22
Borrowing costs paid		**(76,310)**	(32,550)	**(1)**	(15)
Net income taxes (paid)/received		**(75,978)**	17,632	**(67)**	28
Net cash provided by/(used in) operating activities	33(B)	**218,701**	254,352	**(140,767)**	(77,980)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant & equipment		**(43,660)**	(187,185)	**(24,916)**	(11,920)
Proceeds from sale of property, plant & equipment		**4,567**	5,813	**–**	16
Payment for investments		**(643)**	(4,632)	**–**	–
Proceeds from sale of investments	33(F)	**1,149**	1,946	**–**	–
Purchase of The Text Media Group Limited (net of cash acquired)	33(C)	**(65,456)**	–	**(65,456)**	–
Payment for mastheads and tradenames and working capital of the New Zealand publishing business of Independent Newspapers Limited	33(C)	**–**	(938,693)	**–**	–
Payment for other mastheads and tradenames		**(443)**	–	**(3)**	–
Loans and deposits repaid		**328**	303	**513**	–
Advances from/(to) controlled entities		**–**	–	**217,433**	(160,606)
Net cash (used in)/provided by investing activities		**(104,158)**	(1,122,448)	**127,571**	(172,510)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares	33(D)	**76,253**	366,631	**76,253**	366,631
Transaction costs from issue of shares		**(1,806)**	(7,943)	**(1,806)**	(7,943)
Dividends paid	33(D)	**(83,320)**	(104,837)	**(83,320)**	(104,837)
Proceeds from borrowings		**550,166**	666,903	**–**	–
Repayment of borrowings and other financial liabilities		**(647,177)**	(40,511)	**–**	–
Net cash (used in)/provided by financing activities		**(105,884)**	880,243	**(8,873)**	253,851
Net increase/(decrease) in cash held		**8,659**	12,147	**(22,069)**	3,361
Cash at the beginning of the financial year		**19,446**	7,299	**14,566**	11,205
Cash/(bank borrowings) at the end of the financial year	33(A)	**28,105**	19,446	**(7,503)**	14,566

NOTES

TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004
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.

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

(B) CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous year.

(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.
- Finished goods and work-in-progress are assessed as the cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.
- 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 the estimated decline in value 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.

1. STATEMENT OF ACCOUNTING POLICIES continued

(H) JOINT VENTURES

Interests in joint venture entities are accounted for using the equity method. Under this method, the share of profits or losses are recognised as revenue in the Consolidated Statement of Financial Performance, and the share of movements in reserves is recognised in reserves in the Statement of Financial Position. Details of joint ventures are set out in Note 9.

(I) 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 plant and equipment 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 and lease incentives 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 60 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.

(J) 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.

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or share in a controlled entity.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received. This is taken as being 20 years.

RECOVERABLE AMOUNT

Intangible assets 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.

(K) 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.

(L) 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 28 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.

1. STATEMENT OF ACCOUNTING POLICIES continued

(M) 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.

(N) 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 liabilities are determined in accordance with the requirements of AASB 1008 "Leases".

(O) 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.

(P) CONTRIBUTED EQUITY

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.

(Q) 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 net of expected returns. 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.

(R) 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.

(S) 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.

(T) 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 rate swaps and forward rate agreements are not recognised in the financial statements.

Interest payments and receipts under interest rate swap contracts and realised gains and losses on forward rate agreements are recognised 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 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(S).

(U) 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 and foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate. For the year ended 30 June 2004 there were no borrowing costs capitalised. The weighted average rate used for the year ended 30 June 2003 was 7.20%.

(V) 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.

(W) EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

Basic and diluted EPS at 30 June 2003 has been restated in accordance with AASB 1027 "Earnings per Share" for the adjustment factor relating to the Dividend Reinvestment Plan (DRP) issue during the year ended 30 June 2004.

(X) ACQUISITION OF ASSETS

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
2. REVENUE FROM ORDINARY ACTIVITIES					
REVENUE FROM OPERATING ACTIVITIES					
Revenue generated from sale of:					
Newspapers		**1,519,551**	1,044,825	**–**	–
Magazines		**168,862**	114,652	**–**	–
Other		**59,542**	37,991	**787**	867
		1,747,955	1,197,468	**787**	867
Revenue from rendering of services		**17,942**	10,891	**17,535**	90,942
Dividend income:					
Wholly owned controlled entities		**–**	–	**137,100**	146,585
Other corporations		**658**	200	**–**	–
Distributions from unit trusts		**1,097**	327	**–**	–
Underlying operating revenue from ordinary activities		**1,767,652**	1,208,886	**155,422**	238,394
REVENUE FROM NON-OPERATING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**4,567**	5,813	**–**	16
Proceeds from sale of investments and controlled entities		**1,149**	1,946	**–**	–
		1,773,368	1,216,645	**155,422**	238,410
INTEREST INCOME:					
Wholly-owned controlled entities		**–**	–	**158,106**	143,807
Other persons/corporations		**9,598**	9,322	**79**	22
Total revenue from ordinary activities		**1,782,966**	1,225,967	**313,607**	382,239
Share of associates' and joint ventures' net profit accounted for using the equity method	9	**1,408**	1,231	**–**	–
3. EXPENSES FROM ORDINARY ACTIVITIES					
(A) EXPENSES BY NATURE					
Staff costs excluding staff redundancy costs		**572,904**	399,707	**34,029**	30,347
Newsprint and paper		**252,494**	201,013	**–**	–
Distribution and other production costs		**207,978**	131,562	**–**	–
Promotion and advertising costs		**62,808**	42,968	**15**	2
Write-down of non-current assets		**1,089**	4,745	**–**	–
Cost of disposals		**4,771**	5,642	**1**	22
Staff redundancy costs		**18,113**	8,012	**566**	5,163
Rent and outgoings		**31,276**	22,946	**15,504**	15,549
Repairs and maintenance		**18,751**	14,103	**4,732**	4,638
Communication costs		**15,043**	10,150	**1,943**	2,151
News services		**10,654**	7,080	**32**	31
Computer costs		**10,872**	7,445	**4,775**	4,094
Fringe benefits tax		**7,315**	4,838	**464**	450
Other expenses from ordinary activities		**127,747**	87,198	**31,010**	24,377
Total expenses before borrowing costs, depreciation and amortisation		**1,341,815**	947,409	**93,071**	86,824

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
3. EXPENSES FROM ORDINARY ACTIVITIES continued				
(B) DETAILED EXPENSE DISCLOSURES				
Interest expense:				
Wholly owned controlled entities	**–**	–	**158,626**	129,446
Other persons/corporations	**74,816**	26,009	**1**	15
Finance charges on capitalised leases	**6,676**	6,802	**–**	–
Total borrowing costs	**81,492**	32,811	**158,627**	129,461
Depreciation of freehold property	**4,453**	3,102	**–**	–
Depreciation of plant and equipment	**79,312**	64,505	**7,813**	6,140
Amortisation of leasehold property	**1,315**	1,602	**–**	–
Amortisation of goodwill	**226**	–	**–**	–
Total depreciation and amortisation	**85,306**	69,209	**7,813**	6,140
Cost of sales	**574,330**	454,336	**–**	–
Amounts provided for:				
Employee benefits	**47,978**	38,133	**3,245**	3,166
Doubtful trade debts	**2,182**	(85)	**–**	–
Defamation	**2,809**	3,457	**–**	–
Total amounts set aside to provisions	**52,969**	41,505	**3,245**	3,166
Operating lease rental expense	**20,701**	16,791	**15,111**	15,128
Superannuation contributions – Defined benefit fund	**716**	1,652	**189**	430
(C) GAINS/(LOSSES)				
Net foreign exchange (loss)	**(31)**	–	**–**	–
Net profit/(loss) on disposal of property, plant & equipment	**1,008**	2,020	**(1)**	(5)
Net (loss)/profit on disposal of other assets	**(62)**	97	**–**	–
4. SIGNIFICANT ITEMS				
Profit from ordinary activities includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated entity:				
Editorial redundancies	**(5,747)**	–	**–**	–
Income tax benefit applicable	**1,724**	–	**–**	–
Staff redundancy and other items associated with the closure of Spencer Street printing operations	**(14,794)**	–	**–**	–
Income tax benefit applicable	**4,438**	–	**–**	–
Effect of entry into tax consolidations	**82,749**	–	**–**	–
Net significant items after tax	**68,370**	–	**–**	–
Significant items before income tax	**(20,541)**	–	**–**	–
Income tax benefit	**88,911**	–	**–**	–
	68,370	–	**–**	–

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
5. 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		**82,729**	53,331	**16,229**	47,944
Tax effect of permanent differences:					
Share of net (profits) of associates and joint ventures		**(422)**	(369)	**–**	–
Capital gains not taxable		**(199)**	–	**–**	–
Non deductible depreciation and amortisation		**148**	171	**–**	–
Non-assessable dividends		**(659)**	–	**(41,130)**	(43,975)
Under/(over) provision from prior years		**335**	(387)	**(909)**	(1,007)
Overseas tax rate and accounting differentials		**(5,347)**	–	**–**	–
Non-deductible/(deductible) items		**3,517**	(962)	**(1,020)**	(962)
Other		**1,635**	239	**927**	94
Income tax expense/(benefit) pre significant items		**81,737**	52,023	**(25,903)**	2,094
Effect of entry into tax consolidations	4	**(82,749)**	–	**–**	–
Income tax (benefit)/expense relating to ordinary activities		**(1,012)**	52,023	**(25,903)**	2,094

Effective 1 July 2003, for the purposes of income taxation, John Fairfax Holdings Limited and its wholly owned Australian entities have formed a tax consolidation group. Members of the group have entered into a tax funding and allocation deed in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the deed provides for the allocation of income tax liabilities between the entities should the head entity default on its payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is John Fairfax Holdings Limited.

As a result of the revised tax legislation, a future income tax benefit of $82.7 million was recognised in the current year from resetting tax values of certain assets in 100% Australian owned entities. The consolidated entity will formally notify the Australian Taxation Office of its adoption of the tax consolidation regime at the time of lodgement of the 2004 consolidated income tax return.

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
6. DIVIDENDS PAID AND PROPOSED					
DIVIDENDS PAID DURING THE YEAR					
Fully franked interim dividend of 5.5 cents per share/debenture paid 6 April 2004 (2003: 5.0 cents fully franked, paid 12 March 2003)		**49,050**	36,755	**49,050**	36,755
Fully franked final dividend of 8.0 cents per share/debenture paid 14 November 2003 (2003: 7.0 cents fully franked, paid 17 October 2002)		**69,642**	51,457	**69,642**	51,457
Fully franked PRESSES dividend of $3.6732 per share paid 12 December 2003 (2003: $3.3341 fully franked, paid 12 December 2002)		**9,183**	8,335	**9,183**	8,335
Fully franked PRESSES dividend of $3.6696 per share paid 11 June 2004 (2003: $3.3159 fully franked, paid 12 June 2003)		**9,174**	8,290	**9,174**	8,290
Total fully franked dividends paid	21	**137,049**	104,837	**137,049**	104,837

DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since balance date the directors have declared the payment of a final dividend of 11.0 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid on 21 October 2004 out of retained profits, but not recognised as a liability at the end of the year is expected to be $99.8 million.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $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% (2003: 30%)	**171,140**	190,121	**171,140**	21,284
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**–**	–	**–**	–
Franking debits that will arise from the tax receivable as at the end of the financial year	**(7,149)**	(221)	**(7,149)**	(16)
	163,991	189,900	**163,991**	21,268

On a tax-paid basis, the Company's franking account balance is $171.1 million. From this amount, $42.8 million franking credits will be used to pay a fully franked dividend of $99.8 million on 21 October 2004.

DIVIDEND REINVESTMENT PLAN

John Fairfax Holdings Limited introduced a Dividend Reinvestment Plan (DRP) to eligible shareholders during the year ended 30 June 2004. The DRP commenced with payment of the final dividend for the year ended 30 June 2003 made on 14 November 2003 and continued with the payment of the interim dividend for the year ended 30 June 2004 paid on 6 April 2004.

The DRP will include the payment of the final dividend for the year ended 30 June 2004 to be paid on 21 October 2004. The last day for the receipt of an election notice for participation in the plan for the final dividend is 28 September 2004.

Under the terms of the DRP eligible shareholders are able to reinvest their dividends in additional Fairfax shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the directors may elect from time to time. The 2.5% discount applied to the two previous dividends will apply to the final dividend for the year ended 30 June 2004. Directors have resolved however, that the discount for subsequent dividends will be 0% unless otherwise determined by Directors in the future.

The DRP issue price in relation to the final dividend for the year ending 30 June 2004 will be based on the arithmetic average of the daily volume weighted average sale price of John Fairfax Holdings Limited shares traded on the stock exchange from 30 September 2004 to 14 October 2004 inclusive, excluding any trades that do not qualify under the terms of the DRP, less the 2.5% discount rounded to the nearest cent.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
7. RECEIVABLES				
CURRENT				
Trade debtors	**252,192**	244,016	**–**	–
Provision for doubtful debts	**(10,415)**	(10,436)	**–**	–
	241,777	233,580	**–**	–
Loans and deposits	**546**	874	**100**	613
Other debtors and prepayments	**28,339**	23,027	**4,585**	4,427
Total current receivables	**270,662**	257,481	**4,685**	5,040
NON-CURRENT				
Amounts receivable from wholly-owned controlled entities	**–**	–	**1,227,837**	1,267,333
Loans and deposits	**1,738**	328	**–**	–
Prepayments	**1,530**	1,911	**–**	–
Total non-current receivables	**3,268**	2,239	**1,227,837**	1,267,333
8. INVENTORIES				
CURRENT				
Raw materials and stores	**29,168**	28,213	**–**	–
Provision for diminution in value	**(261)**	(314)	**–**	–
	28,907	27,899	**–**	–
Finished goods	**13,103**	13,004	**–**	–
Work in progress	**69**	–	**–**	–
Total inventories	**42,079**	40,903	**–**	–

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
Carrying amount of investment in associates (A)	**6,931**	7,031	**–**	–
Carrying amount of investment in joint ventures (B)	**1,198**	–	**–**	–
Total investment accounted for using the equity method	**8,129**	7,031	**–**	–

(A) INTEREST IN ASSOCIATES

Name	Ownership interest **2004**	Ownership interest 2003
Australian Associated Press Pty Limited (AAP)	**44.7%**	44.7%
Newspaper House Limited	**45.5%**	45.5%
New Zealand Press Association Limited	**36.9%**	36.9%
Times Newspapers Limited	**50.0%**	50.0%

PRINCIPAL ACTIVITIES

The principal activities of AAP is to operate 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. The principal activity of Newspaper House Limited is the owning of property. The principal activities of New Zealand Press Association Limited is to operate the business of a news agency and financial information service. The principal activity of Times Newspapers Limited is newspaper publishing.

	Consolidated **2004** $000	Consolidated 2003 $000
SHARE OF ASSOCIATES' PROFITS		
Share of associates' profit before income tax	**1,624**	1,759
Share of associates' income tax (expense) attributable to profit	**(487)**	(528)
Share of associates' net profit	**1,137**	1,231
CARRYING AMOUNT OF INVESTMENT IN ASSOCIATES		
Balance at the beginning of the year	**7,031**	3,303
Investments in associates acquired during the year	**–**	612
Adjustment for foreign exchange revaluation	**29**	–
Share of associates' net profit	**1,137**	1,231
Share of associates' reserve increment	**523**	1,885
Dividends received from associates	**(1,789)**	–
Balance at the end of the year	**6,931**	7,031
RETAINED (LOSSES)/PROFITS OF THE CONSOLIDATED ENTITY ATTRIBUTABLE TO ASSOCIATES		
Balance at the beginning of the year	**(12,706)**	(13,937)
Share of associates' net profit	**1,137**	1,231
Dividends received from associates	**(1,789)**	–
Balance at the end of the year	**(13,358)**	(12,706)

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

	Consolidated **2004** $000	Consolidated 2003 $000
RESERVES OF THE CONSOLIDATED ENTITY ATTRIBUTABLE TO ASSOCIATES		
Balance at the beginning of the year	**1,885**	–
Share of associates' reserves	**523**	1,885
Balance at the end of the year	**2,408**	1,885
SHARE OF ASSOCIATES' ASSETS AND LIABILITIES		
Current assets	**12,713**	11,941
Non-current assets	**11,604**	13,142
Current liabilities	**(7,995)**	(7,984)
Non-current liabilities	**(326)**	(132)
Net assets	**15,996**	16,967

(B) INTEREST IN JOINT VENTURES

Name	Ownership Interest **2004**	Ownership Interest 2003
Text Pacific Pty Limited	**50.0%**	–
Victorian Lifestyle Property Pty Limited	**50.0%**	–

PRINCIPAL ACTIVITIES

The principal activities of Text Pacific Pty Limited is to publish custom, corporate and events publications. The principal activity of Victorian Lifestyle Property Pty Limited is to publish a lifestyle and property magazine focusing on regional Victoria.

	Consolidated **2004** $000	Consolidated 2003 $000
SHARE OF JOINT VENTURES' PROFITS		
Share of joint ventures' revenues	**4,262**	–
Share of joint ventures' expenses	**(3,991)**	–
Share of joint ventures' net profit	**271**	–
CARRYING AMOUNT OF INVESTMENT IN JOINT VENTURES		
Balance at the beginning of the year	**–**	–
Balance acquired	**927**	–
Share of joint ventures' net profit	**271**	–
Balance at the end of the year	**1,198**	–
RETAINED PROFITS OF THE CONSOLIDATED ENTITY ATTRIBUTABLE TO JOINT VENTURES		
Balance at the beginning of the year	**–**	–
Balance acquired	**927**	–
Share of joint ventures' net profit	**271**	–
Balance at the end of the year	**1,198**	–
SHARE OF JOINT VENTURES' ASSETS AND LIABILITIES		
Current assets	**3,036**	–
Non-current assets	**187**	–
Current liabilities	**(2,023)**	–
Net assets	**1,200**	–

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
10. OTHER FINANCIAL ASSETS				
CURRENT				
Investment held for resale	**514**	–	**–**	–
Deferred hedge loss	**169**	1,008	**–**	–
	683	1,008	**–**	–
NON-CURRENT				
Shares in other (unlisted) at cost	**2,456**	2,944	**–**	–
Shares in other (listed) at cost	**–**	3,760	**–**	–
Shares in controlled entities not listed on a prescribed stock exchange, at cost	**–**	–	**155,329**	83,356
Interests in unit trusts, at cost	**647**	647	**–**	–
Cross currency swap receivable	**21,435**	27,394	**–**	–
Total non-current other financial assets	**24,538**	34,745	**155,329**	83,356

Included in listed shares at cost as at 30 June 2003 is Fairfax Corporation Pty Limited's 10.52% interest in The Text Media Group Limited. The carrying amount of this investment at 30 June 2003 was $3.76 million.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
11. PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD LAND AND BUILDINGS				
At cost	**189,563**	184,114	**–**	–
Provision for depreciation	**(6,957)**	(5,329)	**–**	–
	182,606	178,785	**–**	–
LEASEHOLD BUILDINGS				
At cost	**52,810**	57,590	**–**	–
Provision for amortisation	**(10,402)**	(10,791)	**–**	–
	42,408	46,799	**–**	–
PLANT AND EQUIPMENT				
At cost	**1,071,598**	1,021,240	**59,636**	38,708
Provision for depreciation	**(543,611)**	(460,273)	**(27,207)**	(19,403)
	527,987	560,967	**32,429**	19,305
Capital works in progress, at cost	**27,415**	33,175	**15,570**	11,606
Total property, plant and equipment	**780,416**	819,726	**47,999**	30,911

ASSETS PLEDGED AS SECURITY

Assets under lease (leasehold buildings) are pledged as security for the associated lease liabilities. Details of this facility can be found in Note 15.

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 assets in New Zealand.

CAPITALISED BORROWING COSTS

During the year ended 30 June 2004, borrowing costs of nil (2003: $10.9 million) were capitalised into capital works.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
11. PROPERTY, PLANT AND EQUIPMENT continued				
RECONCILIATIONS				
FREEHOLD LAND AND BUILDINGS				
Carrying amount at the beginning of the year	**178,785**	87,388	**–**	–
Additions	**8,017**	66,146	**–**	–
Disposals	**(2,558)**	(3,291)	**–**	–
Depreciation	**(4,453)**	(3,102)	**–**	–
Foreign exchange movement on opening balance	**2,792**	–	**–**	–
Other (includes transfers from other asset categories)	**23**	31,644	**–**	–
Carrying amount at the end of the year	**182,606**	178,785	**–**	–
LEASEHOLD BUILDINGS				
Carrying amount at the beginning of the year	**46,799**	47,163	**–**	–
Additions	**–**	–	**–**	–
Disposals	**–**	–	**–**	–
Depreciation	**(1,315)**	(1,602)	**–**	–
Other (includes transfers from other asset categories)	**(3,076)**	1,238	**–**	–
Carrying amount at the end of the year	**42,408**	46,799	**–**	–
PLANT AND EQUIPMENT				
Carrying amount at the beginning of the year	**560,967**	293,339	**19,305**	17,210
Additions	**19,316**	57,531	**10,600**	3,970
Disposals	**(1,002)**	(621)	**(1)**	(22)
Depreciation	**(79,312)**	(64,505)	**(7,813)**	(6,140)
Foreign exchange movement on opening balance	**2,806**	–	**–**	–
Other (includes transfers from other asset categories)	**25,212**	275,223	**10,338**	4,287
Carrying amount at the end of the year	**527,987**	560,967	**32,429**	19,305
CAPITAL WORKS IN PROGRESS				
Carrying amount at the beginning of the year	**33,175**	276,612	**11,606**	9,512
Additions	**16,327**	63,508	**14,316**	7,950
Transfers to other asset categories	**(22,087)**	(306,945)	**(10,352)**	(5,856)
Carrying amount at the end of the year	**27,415**	33,175	**15,570**	11,606
12. INTANGIBLES				
Goodwill	**5,545**	–	**–**	–
Accumulated amortisation	**(226)**	–	**–**	–
	5,319	–	**–**	–
Mastheads and tradenames, at cost	**2,309,600**	2,203,888	**199**	196
Total intangibles	**2,314,919**	2,203,888	**199**	196
13. TAX ASSETS				
CURRENT				
Tax receivable	**6,887**	221	**208**	16
Tax receivable from wholly owned controlled entities	**–**	–	**7,327**	–
Total current tax assets	**6,887**	221	**7,535**	16

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
13. TAX ASSETS continued				
NON-CURRENT				
Future income tax benefits arising from:				
Tax losses	**175**	3,769	**–**	–
Timing differences	**51,329**	35,694	**2,548**	2,993
Tax receivable from wholly owned controlled entities	**–**	–	**44,996**	–
Total non-current tax asset	**51,504**	39,463	**47,544**	2,993
14. PAYABLES				
CURRENT				
Trade and other creditors	**242,429**	266,004	**23,700**	17,571
Accrued interest on bank borrowings	**11,154**	5,972	**–**	–
Net hedge payable	**1,434**	6,658	**–**	–
Total current payables	**255,017**	278,634	**23,700**	17,571
15. INTEREST-BEARING LIABILITIES				
CURRENT				
Bank borrowings (unsecured)	**36,393**	639,000	**7,503**	–
Other borrowings (unsecured)	**6,896**	6,608	**–**	–
Total current interest-bearing liabilities	**43,289**	645,608	**7,503**	–
NON-CURRENT				
Bank borrowings (unsecured)	**1,019,930**	519,589	**–**	–
Lease liability (unsecured)	**54,422**	54,565	**–**	–
Total non-current interest-bearing liabilities	**1,074,352**	574,154	**–**	–

The consolidated entity has access to a A$550 million committed Syndicated Facility. This facility can be drawn or utilised until April 2009. This facility is drawn to A$175 million. The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

A bank loan of A$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 Medium Term Note (MTN) program was established in November 1998. MTNs to the value of A$150 million due July 2005 have been issued.

A NZ$50 million revolving committed cash advance facility was established in June 2004. This facility is drawn to NZ$40 million (A$36.4 million).

Senior Notes with a principal of US$120 million (A$171.6 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 A$56.0 million (2003: A$58.3 million) and a finance lease of A$54.4 million (2003: A$54.6 million) drawn in February 1996, is in the form of a CPI indexed annuity. There is also principal and interest outstanding of A$39.9 million (2003: A$44.7 million) in the form of a fixed rate facility with an established drawdown and repayment schedule. The interest on the CPI indexed annuity has been swapped into a nominal floating interest rate.

The acquisition of the Independent Newspapers Limited's New Zealand publishing assets and liabilities in June 2003 was partially funded by an Acquisition Bridge Financing Facility of A$639 million, which matured in June 2004.

The Company subsequently issued Senior Notes in the US private placement market with a principal value of US$230 million (A$339.4 million) in January 2004 with a fixed coupon of between 4.74% p.a., and 5.85% p.a. payable semi-annually in arrears. The interest and principal on the Senior Notes are payable in US dollars and were swapped into floating rate New Zealand dollars and floating rate Australian dollars with cross-currency swaps and were used to part repay the Acquisition Bridge Financing Facility. This issue of Senior Notes comprises of maturities ranging from January 2011 to January 2019. The weighted average maturity of the issue is approximately 11 years. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

The balance of the Acquisition Bridge Financing Facility was refinanced with the Syndicated Facility (see above).

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
16. TAX LIABILITIES				
NON-CURRENT				
Deferred income tax liability	**1,654**	60,418	**–**	–
Amounts payable to wholly owned controlled entities	**–**	–	**2,134**	–
Total non-current tax liabilities	**1,654**	60,418	**2,134**	–

Significant movement in the tax liabilities reflects the impact of the tax consolidation regime. Refer to Note 5 for further information.

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
17. PROVISIONS					
CURRENT					
Employee benefits	28	**48,214**	46,358	**3,633**	3,564
Defamation		**2,435**	3,142	**–**	–
Total current provisions		**50,649**	49,500	**3,633**	3,564
NON-CURRENT					
Employee benefits	28	**37,372**	35,103	**2,652**	2,896
Total non-current provisions		**37,372**	35,103	**2,652**	2,896
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		**–**	–	**–**	–
DEFAMATION					
Carrying amount at the beginning of the year		**3,142**	3,360	**–**	–
Provision acquired during the year		**–**	402	**–**	–
Provisions made during the year		**3,163**	3,459	**–**	–
Payments made during the year		**(3,870)**	(4,079)	**–**	–
Carrying amount at the end of the year		**2,435**	3,142	**–**	–

From time to time entities in the consolidated group are sued for defamation and similar matters in the ordinary course of business. A defamation provision is recognised on the basis of professional advice to cover an estimate of material liabilities.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
18. NON INTEREST-BEARING LIABILITIES				
NON-CURRENT				
Other	**109**	972	**–**	–
Total non interest-bearing liabilities	**109**	972	**–**	–
19. CONTRIBUTED EQUITY				
SHARES				
906,856,578 (2003: 867,457,363) ordinary shares fully paid	**1,115,717**	987,541	**1,115,717**	987,541
PREFERRED RESET SECURITIES EXCHANGEABLE FOR SHARES				
2,500,000 (2003: 2,500,000)	**241,951**	241,951	**241,951**	241,951
DEBENTURES				
281 (2003: 281) debentures fully paid	*	*	*	*
Total contributed equity	**1,357,668**	1,229,492	**1,357,668**	1,229,492

MOVEMENTS IN CONTRIBUTED EQUITY DURING THE FINANCIAL YEAR

	2004 Number	2003 Number	**2004** $000	2003 $000
SHARES				
Balance at the beginning of the year	**867,457,363**	735,099,595	**987,541**	628,853
Shares issued – institutional placement	**–**	110,264,939	**–**	305,434
Shares issued – share purchase plan	**–**	21,944,829	**–**	60,787
Shares Issued – dividend reinvestment plan	**35,469,215**	–	**118,692**	–
Shares issue costs	**–**	–	**(1,806)**	(7,943)
Converted from options(i)	**3,930,000**	148,000	**11,290**	410
Balance at the end of the year	**906,856,578**	867,457,363	**1,115,717**	987,541
PREFERRED RESET SECURITIES EXCHANGEABLE FOR SHARES (PRESSES)				
Balance at the beginning of the year	**2,500,000**	2,500,000	**241,951**	241,951
PRESSES issued	**–**	–	**–**	–
Issue costs	**–**	–	**–**	–
Balance at the end of the year	**2,500,000**	2,500,000	**241,951**	241,951
DEBENTURES				
Balance at the beginning of the financial year	**281**	281	*	*
Converted to shares	**–**	–	**–**	–
Balance at the end of the year	**281**	281	*	*

* Amount is less than $1,000

(i) During the year options were exercised and converted to shares as detailed in Note 28(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.

19. CONTRIBUTED EQUITY continued

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 and liabilities.

DIVIDEND REINVESTMENT PLAN (DRP)

John Fairfax Holdings Limited introduced a DRP to eligible shareholders during the year ended 30 June 2004. Under the terms of the DRP eligible shareholders are able to reinvest their dividends in additional Fairfax shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the directors may elect from time to time.

During the year ended 30 June 2004, 35,469,215 shares were issued under the terms of the DRP, 19,389,618 of these shares were issued to UBS AG.

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% p.a. to 7.40% p.a. 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.

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
20. RESERVES					
Asset revaluation		**7,336**	6,813	**–**	–
Foreign currency translation		**19,066**	283	**–**	–
Total reserves		**26,402**	7,096	**–**	–
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		**6,813**	4,928	**–**	–
Share of associates' reserve increments arising during the year		**523**	1,885	**–**	–
Balance at the end of the year		**7,336**	6,813	**–**	–
FOREIGN CURRENCY TRANSLATION RESERVE					
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements and associated funding of self-sustaining foreign operations.					
Balance at the beginning of the year		**283**	11	**–**	–
Net gain on translation of overseas controlled entities and associated funding		**18,783**	272	**–**	–
Balance at the end of the year		**19,066**	283	**–**	–
21. RETAINED PROFITS					
Balance at the beginning of the year		**540,852**	468,707	**150,888**	46,548
Net profit attributable to members of the Company		**276,014**	125,525	**79,999**	157,720
Adjustment arising from the initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		**–**	51,457	**–**	51,457
Total available for appropriation		**816,866**	645,689	**230,887**	255,725
Dividends paid	6	**(137,049)**	(104,837)	**(137,049)**	(104,837)
Retained profits at the end of the year		**679,817**	540,852	**93,838**	150,888

22. OUTSIDE EQUITY INTEREST

On 21 March 2003, Property Showcase Australia Pty Limited purchased a 45% interest in Real Estate Publications Australasia Trust (formerly Homes Pictorial Unit Trust), a controlled entity of John Fairfax Holdings Limited.

On 12 January 2004 as part of the acquisition of The Text Media Group Limited, the consolidated entity acquired a 79% interest in Large Publications Pty Limited.

	Consolidated **2004** $000	Consolidated 2003 $000
Reconciliation of outside equity interest in controlled entities:		
Balance at beginning of the year	**4,322**	–
Add: share of pre-acquisition equity	**–**	3,195
Add: share of reserves	**–**	906
Add: share of operating profit	**759**	221
Less: dividends	**(220)**	–
Balance at end of the year	**4,861**	4,322

	Consolidated **2004** $000	Consolidated 2003 $000
23. EARNINGS PER SHARE		
EARNINGS RECONCILIATION – BASIC		
Net profit attributable to members of the Company:		
Before significant items	**207,644**	125,525
Less dividend paid on PRESSES	**(18,357)**	(16,625)
Basic earnings before significant items	**189,287**	108,900
Net profit attributable to members of the Company:		
After significant items	**276,014**	125,525
Less dividend paid on PRESSES	**(18,357)**	(16,625)
Basic earnings after significant items	**257,657**	108,900
EARNINGS RECONCILIATION – DILUTED		
Net profit attributable to members of the Company:		
Before significant items	**207,644**	125,525
Less dividend paid on PRESSES	**(18,357)**	(16,625)
Diluted earnings before significant items	**189,287**	108,900
Net profit attributable to members of the Company:		
After significant items	**276,014**	125,525
Less dividend paid on PRESSES	**–**	(16,625)
Diluted earnings after significant items	**276,014**	108,900
Weighted average number of ordinary shares used in calculating basic EPS before significant items (000s)	**886,319**	756,246
Options	**208**	227
Weighted average number of ordinary shares used in calculating diluted EPS before significant items (000s)	**886,527**	756,473
PRESSES	**71,386**	–
Weighted average number of ordinary shares used in calculating diluted EPS after significant items 000s)	**957,913**	756,473
Basic earnings per share (cents) based on net profit attributable to members of the Company:		
Before significant items*	**21.36**	14.38
After significant items*	**29.07**	14.38
Diluted earnings per share (cents) based on net profit attributable to members of the Company:		
Before significant items*	**21.35**	14.38
After significant items*	**28.81**	14.38

As at 30 June 2004, all potential ordinary shares (PRESSES and options) are dilutive and included in the diluted EPS calculation after significant items. In accordance with AASB 1027 “Earnings per Share”, the Company has 71,385,689 potential ordinary shares (PRESSES) which are not dilutive and are not included in the diluted EPS calculation before significant items.

As at 30 June 2003, the Company had 86,761,599 potential ordinary shares (PRESSES) which were not dilutive and were not included in the diluted EPS calculation before and after significant items.

* The 30 June 2003 comparative has been restated in accordance with AASB 1027 “Earnings per Share” for the adjustment factor relating to the Dividend Reinvestment Plan (DRP) issues during the year ended 30 June 2004.

24. COMMITMENTS

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
FINANCE LEASE LIABILITIES					
Payable:					
Not later than one year		**7,063**	6,840	**–**	–
Later than one year and not later than five years		**30,980**	29,980	**–**	–
Later than five years		**58,559**	66,825	**–**	–
Minimum lease payments		**96,602**	103,645	**–**	–
Less future finance charges		**42,180**	49,080	**–**	–
Total lease liability		**54,422**	54,565	**–**	–
Classified as:					
Non-current interest-bearing liabilities	15	**54,422**	54,565	**–**	–

Finance leases have an average lease term of 6.78 years (2003: 7.47 years) and an average implicit interest rate of 12.2% (2003: 12.5%). Assets which are the subject of finance leases include office premises, land and buildings.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
OPERATING LEASE COMMITMENTS				
Payable:				
Not later than one year	**16,573**	15,360	**–**	–
Later than one year but not later than five years	**58,446**	56,556	**–**	–
Later than five years	**112,520**	125,246	**–**	–
Total operating lease commitments	**187,539**	197,162	**–**	–

Operating leases have an average lease term ranging between 10 to 15 years (2003: 10 to 15 years) and an average implicit interest rate of 4% (2003: 4%). Assets which are the subject of operating leases are office premises.

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
CAPITAL EXPENDITURE COMMITMENTS				
Payable:				
Not later than one year	**7,445**	15,976	**–**	–
Later than one year but not later than five years	**–**	–	**–**	–
Total capital expenditure commitments	**7,445**	15,976	**–**	–

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

25. CONTINGENT LIABILITIES

RELATED BODIES CORPORATE

Under the terms of an ASIC class order, the Company and certain controlled entities, identified in Note 26, 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 liabilities.

26. CONTROLLED ENTITIES

	Notes
John Fairfax Holdings Limited	(a),(c)
Controlled entities	
Associated Newspapers Limited	(a)
AIPD 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 Mastheads Pty Limited	(a)
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)
Freestyle Publishing Pty Limited	(a)
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)
Large Publications Pty Limited	(g)
Lime Digital Pty Limited	(a)
Metropolis Media Pty Limited	(a)
Morisset Newspapers Pty Limited	
Newcastle Newspapers Pty Limited	(a)
Personal Investment Direct Access Pty Limited	
Propaganda Print Pty Limited	(a)
Prowsey Pty Limited	(a),(f)
Real Estate Publications Australasia Pty Ltd	
Real Estate Publications Australasia Trust	(e)
Rydge Publications Pty Limited	(a)
South Australian Real Estate Press Pty Limited	(a)
The Age Company Limited	(a)
The Age Online Pty Limited	(a),(f)
The Age Print Company Pty Limited	(a)
The Text City Newspaper Company Pty Limited	(a)
The Text Magazine Company Pty Limited	(a)
The Text Media Group Limited	(a),(d)
The Text Newspaper Company Pty Limited	(a)
The Text Publishing Company Pty Limited	(h)
The Warrnambool Standard Pty Limited	(a)

Notes

(a) The Company and the controlled entities incorporated within Australia are party to 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 as follows:

STATEMENT OF FINANCIAL POSITION	2004 $'000	2003 $'000
Current assets		
Cash	23,062	9,043
Receivables	204,425	183,124
Tax asset	7,584	221
Inventories	22,986	21,121
Other financial assets	683	1,008
Total current assets	**258,740**	214,517
Non-current assets		
Receivables	909,040	851,006
Investments	302,532	299,688
Other financial assets	21,435	45,916
Property, plant and equipment	664,096	701,637
Intangibles	1,311,480	1,259,558
Tax assets	47,703	35,905
Total non-current assets	**3,256,286**	3,193,710
Total assets	**3,515,026**	3,408,227
Current liabilities		
Payables	176,985	190,694
Interest-bearing liabilities	43,289	645,608
Tax liabilities	–	1,452
Provisions	41,127	42,301
Total current liabilities	**261,401**	880,055
Non-current liabilities		
Non interest-bearing liabilities	–	972
Interest-bearing liabilities	1,074,352	574,154
Tax liabilities	2,134	60,418
Provisions	33,352	30,956
Total non-current liabilities	**1,109,838**	666,500
Total liabilities	**1,371,239**	1,546,555

STATEMENT OF FINANCIAL POSITION continued	2004 $'000	2003 $'000
Net assets	**2,143,787**	1,861,672
Equity		
Contributed equity	1,357,668	1,229,492
Reserves	711	4,558
Retained profits	785,408	627,622
Total equity	**2,143,787**	1,861,672

STATEMENT OF FINANCIAL PERFORMANCE	2004 $'000	2003 $'000
Profit from ordinary activities before income tax	124,012	180,536
Income tax benefit/(expense) attributable to operating profit	30,271	(52,889)
Net profit attributable to members of the Holding company	**154,283**	127,647

(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 those in (e), (g) and (h).

(d) Denotes entities controlled directly by the Company.

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

(f) Liquidated 29 November 2003.

(g) The consolidated entity holds a 79% equity interest.

(h) Disposed 31 May 2004.

27. ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

The consolidated entity gained control over The Text Media Group Limited on 12 January 2004, by acquiring 100% of the voting share capital.

The consolidated entity disposed of The Text Publishing Company Pty Limited on 31 May 2004.

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

For additional information refer Note 33.

	Note	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
28. EMPLOYEE BENEFITS					
The aggregate employee benefit liability is comprised of:					
Provisions for employee benefits (current)	17	**48,214**	46,358	**3,633**	3,564
Provisions for employee benefits (non-current)	17	**37,372**	35,103	**2,652**	2,896
Accrued redundancy costs		**8,468**	7,154	**240**	3,886
Total employee benefits		**94,054**	88,615	**6,525**	10,346

For information relating to superannuation plans refer Note 29.

NUMBER OF EMPLOYEES

As at 30 June 2004 the consolidated entity employed 6,311 full-time employees (2003: 6,045) and 1,120 part-time and casual employees (2003: 1,152). This includes 2,456 (2003: 2,343) full-time employees and 305 (2003: 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 in Australia. 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 in Australia. 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 per cent 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 0.59% of the ordinary shares on issue at 30 June 2004. There are currently 162 employees who hold options issued under the scheme.

28. EMPLOYEE BENEFITS continued

OPTIONS TO ACQUIRE SHARES

During 2004, the consolidated entity granted no options (2003: nil) to acquire shares. The exercise price of the options granted prior to 30 June 2003 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 $3.73 (2003: $2.88).

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

		2004 Number of options	**2004** Weighted average exercise price $	2003 Number of options	2003 Weighted average exercise price $
Balance at the beginning of the year	(A)	**10,205,000**	**3.62**	11,303,000	3.56
Forfeited		**(950,000)**	**4.03**	(950,000)	3.02
Exercised and converted to shares	(B)	**(3,930,000)**	**2.87**	(148,000)	2.77
Balance at the end of the year		**5,325,000**	**4.10**	10,205,000	3.62
Exercisable at the end of the year	(C)	**5,325,000**	**4.10**	10,205,000	3.62

(A) OPTIONS HELD AT THE BEGINNING OF THE REPORTING PERIOD:

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

* 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 was 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.

28. EMPLOYEE BENEFITS continued

OPTIONS TO ACQUIRE SHARES continued

(B) OPTIONS EXERCISED:

(i) The following table summarises information about options exercised by employees during the year ended 30 June 2004:

Number of options	Grant date	Exercise date	Expiry date	Exercise price	Proceeds from shares issued	Number of shares issued	Issue date
30,000	11 Sept 1998	11 Sept 2003	11 Sept 2003	2.76	82,800	30,000	11 Sept 2003
160,000	19 Nov 1998	14 Oct 2003	19 Nov 2003	3.08	492,800	160,000	14 Oct 2003
80,000	19 Nov 1998	31 Oct 2003	19 Nov 2003	3.08	246,400	80,000	31 Oct 2003
160,000	19 Nov 1998	19 Nov 2003	19 Nov 2003	3.08	492,800	160,000	19 Nov 2003
2,800,000	16 Dec 1998	31 Oct 2003	16 Dec 2003	2.85	7,980,000	2,800,000	31 Oct 2003
700,000	16 Dec 1998	16 Dec 2003	16 Dec 2003	2.85	1,995,000	700,000	16 Dec 2003

(ii) 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 June 1998	25 June 2003	25 June 2003	2.77	409,960	148,000	25 June 2003

(C) OPTIONS HELD AT THE END OF THE REPORTING PERIOD:

The following table summarises information about options held by employees as at 30 June 2004:

Number of options	Grant date	Expiry date	Exercise price
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

(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 used:

	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 material 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.

The fair value of options has been included in Note 31.

29. 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 Australian 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.

The superannuation arrangements for the Company's New Zealand employees are managed by three funds. Gordon and Gotch (N.Z.) Limited Superannuation Fund, Fairfax New Zealand Superannuation Fund and Fairfax NZ Senior Executive Superannuation Scheme. The Trustees of the three Trusts are executives and staff within Fairfax New Zealand.

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. An updated actuarial assessment of Fairfax Super has been scheduled to be carried out effective 1 July 2004.

The last actuarial assessment of Gordon and Gotch (N.Z.) Limited Superannuation Fund was carried out as at 31 March 2004, the last actuarial assessment of Fairfax NZ Senior Executive Superannuation Scheme was carried out as at 1 April 2002. The actuarial assessments were completed by Aon Consulting New Zealand Limited.

Fairfax New Zealand Superannuation Fund is a defined contribution fund and does not require actuarial assessment.

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 2004), which would have a material impact on the overall financial position of the defined benefit plan.

Superannuation plan – Australia	**2004** $000	2003 $000
Estimated accrued benefits of the plan	**328,828**	293,243
Net market value of the plans' assets	**337,518**	301,380
Surplus	**8,690**	8,137
Vested benefits (estimate)	**329,919**	296,216
Consolidated entity contributions	**24,185**	22,665

Superannuation plans – New Zealand	**2004** **$'000**	2003 $'000
Estimated accrued benefits of the plans	**73,497**	73,297
Net market value of the plans' assets	**78,247**	77,131
Surplus	**4,750**	3,834
Vested benefits (estimate)	**69,396**	69,861
Consolidated entity contributions	**7,664**	12,840

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
30. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors of John Fairfax Holdings Limited for:				
Audit services				
Ernst & Young Australia	**600**	600	**600**	600
Affiliates of Ernst & Young Australia	**315**	97	**–**	–
KPMG New Zealand	**35**	–	**–**	–
Special audits required by regulatory bodies				
Ernst & Young Australia	**169**	176	**–**	–
Affiliates of Ernst & Young Australia	**4**	–	**–**	–
	1,123	873	**600**	600
Other services				
Ernst & Young Australia	**159**	20	**91**	20
Affiliates of Ernst & Young Australia	**141**	86	**–**	–
	300	106	**91**	20
Total auditors' remuneration	**1,423**	979	**691**	620

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(A) DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(i) SPECIFIED DIRECTORS

DR Wills	Non-Executive Chairman
MD Burrows	Non-Executive Director
Sir R Carnegie	Non-Executive Director (resigned 17 September 2004)
RC Corbett	Non-Executive Director
DM Gonski	Non-Executive Director
FG Hilmer	Chief Executive Officer
MA Jackson	Non-Executive Director (resigned 31 August 2004)
JM King	Non-Executive Director
RJ Walker	Non-Executive Director

(ii) SPECIFIED EXECUTIVES

The following persons were the executives with the greatest authority for the strategic direction and management of the consolidated entity (Specified Executives) during the year ended 30 June 2004.

B Evans	Chief Executive Officer, Fairfax New Zealand
P Graham	Director, Group Operations
S Narayan	Chief Financial Officer
A Revell	Managing Director, Commercial Division
M Scott	Editor-in-Chief, Metropolitan Newspapers

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(B) REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(i) REMUNERATION POLICY

Remuneration of Non-executive Directors

Under the Company's constitution the aggregate remuneration of non-executive directors is set by resolution of shareholders. The aggregate was last reviewed in 1993 and set at $700,000 per annum. Within this limit, the Board annually reviews directors' remuneration with advice from the Personnel Policy and Remuneration Committee. The Board also considers survey data on directors' fees paid by comparable companies, and expert advice commissioned from time to time.

Fees to non-executive directors reflect the demands and the responsibilities of each director including service on Board Committees. 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 Plan. Under this Plan, shares are purchased on-market by an independent trustee on behalf of directors as well as employees who have salary sacrificed to participate in the Plan. Share acquisition dates are pre-set and determined by the trustee.

The Chairman's remuneration is inclusive of all Committee fees. Non-executive directors who are members of the Audit and Risk Committee receive additional fees.

Remuneration of Executives

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with achievement of strategic objectives and the creation of value for shareholders, and is consistent with market for delivery of reward.

The Personnel Policy and Remuneration Committee of the Board reviews the Company's remuneration policies. The Committee ensures that executive reward addresses the following key criteria.

- Competitively set to attract and retain qualified and experienced candidates.
- Alignment of reward strategy with business strategy
- Link individual, business unit and company performance to reward
- Alignment of the interests of executives and Fairfax shareholders
- Compliance with regulatory requirements
- Transparency

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation generally. The framework provides a mix of fixed and variable, and short and long-term incentives. The variable components of executive remuneration are payable according to the financial performance of the Company, the financial performance of the business unit relevant to the executive and the performance of the individual executive.

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 to the Chief Executive Officer.

The executive remuneration framework has four components:

- Fixed remuneration package value including base pay, superannuation and other benefits
- Short-term performance incentives
- Long-term performance incentives.

The combination of these comprises the executive's total remuneration.

The fixed component of the remuneration package represents the total cost to the Company and includes all employee benefits and related Fringe Benefits Tax (FBT) including, for example, motor vehicle, parking and superannuation.

External remuneration consultants provide analysis and advice. Remuneration packages are set to reflect the market for a comparable role. Fixed remuneration for senior executives is reviewed annually.

Retirement Benefits for Non-Executive Directors

The Company makes superannuation contributions on behalf of non-executive directors equivalent to 9% of directors fees.

The Company has discontinued its previous retirement benefits scheme for non-executive directors. Other than superannuation outlined above, non-executive directors without 5 years service as at 30 June 2004 will no longer be eligible for retirement benefits going forward. Non-executive directors who have served on the Board for at least 5 years as of 30 June 2004 and who have therefore already qualified for benefits under the Company's previous scheme will, on retirement, be entitled to a benefit equivalent to the lesser of:

(a) 3 times the relevant director's annual directors' fee as at 30 June 2004; or

(b) the maximum allowable without shareholder approval under the Corporations Law and the ASX List Rules.

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(B) REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(i) REMUNERATION POLICY continued

Retirement Benefits for Executives

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

Short-term incentives (STI) for Executives

The Chief Executive Officer is eligible to receive an annual short term incentive. The STI payment depends on achievement of annual financial performance criteria for the group as well as specific non financial strategic criteria. The STI criteria for the Chief Executive Officer are set each year by the Chairman in consultation with the Personnel Policy and Remuneration Committee.

For the year ended 30 June 2004, the key performance indicators (KPIs) linked to short-term incentive (STI) plans were based on Company performance, individual business unit performance and personal objectives. The KPIs required performance in growing revenue, reducing operating costs and achieving specific targets relating to other key strategic non-financial measures linked to drivers of the Company's performance. Specific measures for individuals include EBITDA, EPS, sales and circulation and readership figures.

Short-term incentives are 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 Board approves the Company profit targets. The individual business unit targets combine to achieve the Company profit target. If these targets are met a pool of STI is available for allocation as part of the executive's annual performance review process. Using a profit target ensures reward is linked to achievement of the business plan and value creation for shareholders. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive over performance.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on Company or business unit performance. For most senior executives the on-target STI bonus opportunity is 20% and the maximum target bonus opportunity is 40% of total base salary. Generally, the STI opportunity consists of 3 components: 30% of the STI opportunity is based on Corporate Profit, 30% is based on Business Unit Profit and 40% is based on other KPIs. Where Business unit profit is not applicable, 60% of the STI opportunity is based on Corporate Profit.

Each year the Personnel Policy and Remuneration Committee considers the appropriate targets and key performance indicators to link the STI plan and the level of payout if targets are met.

Executive Long-term incentives (LTI)

Long-term incentives are designed to align the interests of senior executives with Fairfax shareholders over the long term. Direct reports of the Chief Executive whose role and skills are critical to the longer-term strategy of the Company participate in the LTI scheme.

The Company is in the process of reviewing its LTI. Under the present LTI, long-term incentives are payable according to the total shareholder return (TSR) of the Company over a three year period against a comparator group of companies. The maximum reward is 25% of total package value payable in cash, shares and/or options – in proportions determined by the Board. Shares and options are rewarded at zero cost to the executive.

Each year a target LTI amount is determined for each participating executive (the "Allocation"). At the end of 3 years from the Allocation date the Allocation becomes available to the executive ("Vests") if performance hurdles have been met. If the performance hurdles are not met at the end of the third year the executive loses the relevant Allocation.

The comparator group is the ASX 300 Industrial Accumulation Index ("Comparator"). For each Allocation to Vest the Company's TSR over the relevant 3-year period must outperform the Comparator (the "Hurdle"). The first set of Allocations in the LTI were made in July 2001. Over the performance period July 2001 to July 2004, the Hurdle was not met and as a result, 2001 Allocations were lost and no payments was made under the LTI to executives in 2004.

Service agreements

The remuneration and other terms of employment for the Chief Executive Officer and the Specified Executives are set out in written agreements. Each of these agreements sets out total fixed remuneration, performance-related cash bonuses, superannuation, notice of termination periods of up to 12 months, other benefits, and participation, when eligible, in the Company's STI and LTI programs.

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(B) REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(ii) REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

	Primary			Post employment		Equity	
	Salary & fees	Cash bonus	FBT	Super-annuation	Retirement benefits	Options	Total
Specified directors							
MD Burrows							
2004	65,835	–	–	5,925	–	–	71,760
2003	60,000	–	–	5,400	–	–	65,400
Sir R Carnegie							
2004	60,835	–	–	5,475	–	–	66,310
2003	55,000	–	–	4,950	–	–	59,950
RC Corbett							
2004	60,835	–	–	7,517	–	–	68,352
2003	23,000	–	–	–	–	–	23,000
DM Gonski							
2004	65,835	–	–	5,925	–	–	71,760
2003	60,000	–	–	5,400	–	–	65,400
FG Hilmer							
2004*	1,261,240	1,060,000	2,478	113,080	–	47,294	2,484,092
2003*	1,042,088	960,000	1,218	93,231	–	166,075	2,262,612
MA Jackson							
2004	65,835	–	–	5,925	–	–	71,760
2003	20,000	–	–	2,030	–	–	22,030
JM King							
2004	60,835	–	–	5,475	–	–	66,310
2003	55,000	–	–	4,950	–	–	59,950
RJ Walker							
2004	60,835	–	–	5,475	–	–	66,310
2003	23,000	–	–	2,042	–	–	25,042
DR Wills							
2004	148,336	–	80	13,350	–	–	161,766
2003	102,000	–	–	9,150	–	–	111,150
Total remuneration: specified directors							
2004	**1,850,421**	**1,060,000**	**2,558**	**168,147**	**–**	**47,294**	**3,128,420**
2003	1,440,088	960,000	1,218	127,153	–	166,075	2,694,534
Specified executives							
B Evans							
2004*	488,057	250,000	3,200	–	–	1,205	742,462
2003*	354,684	165,000	2,493	–	–	4,600	526,777
P Graham							
2004*	442,325	130,000	13,487	36,234	–	5,699	627,745
2003*	429,885	150,000	1,679	33,041	–	42,500	657,105
S Narayan							
2004**	103,934	30,000	324	9,254	–	–	143,512
A Revell							
2004*	437,499	100,000	19,840	54,506	–	8,039	619,884
2003*	396,988	100,000	20,801	46,542	–	17,880	582,211
M Scott							
2004*	348,809	90,000	22,654	42,225	–	9,841	513,529
2003	274,404	90,000	1,523	30,221	–	–	396,148
Total remuneration: specified executives							
2004	**1,820,624**	**600,000**	**59,505**	**142,219**	**–**	**24,784**	**2,647,132**
2003	1,455,961	505,000	26,496	109,804	–	64,980	2,162,241

* Remuneration includes the fair value of options granted in a previous period, amortised on a consistent basis to the vesting period.
** S Narayan commenced employment on 13 April 2004.

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(C) REMUNERATION OPTIONS: GRANTED AND VESTED DURING THE YEAR

During the year there were no options granted (2003: nil). The number of options that vested during the year ended 30 June 2004 are set out in the following table:

	Number vested
Specified directors	
FG Hilmer	700,000
Specified executives	
B Evans	4,000
P Graham	50,000
A Revell	12,000
M Scott	20,000
Total	786,000

(D) SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

	No. of shares issued	Paid per share ($)	Unpaid per share ($)
Specified directors			
FG Hilmer	3,500,000	2.85	–
Total	3,500,000		

(E) OPTION HOLDINGS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

	Balance at beginning of period 1 July 2003	Granted as remuneration	Options exercised	Options Expired	Balance at end of period 30 June 2004	Vested at 30 June 2004 Total	Not exercisable	Exercisable
Specified directors								
FG Hilmer	3,500,000	–	(3,500,000)	–	–	–	–	–
Specified executives								
B Evans	20,000	–	–	–	20,000	16,000	–	16,000
M Scott	100,000	–	–	–	100,000	64,000	–	64,000
P Graham	250,000	–	–	(250,000)	–	–	–	–
A Revell	60,000	–	–	–	60,000	48,000	–	48,000
Total	3,930,000	–	(3,500,000)	(250,000)	180,000	128,000	–	128,000

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(F) SHAREHOLDINGS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

	Balance 1 July 03		Granted as remuneration		On exercise of options		Net Change Other		Balance 30 June 04	
	Ord	PRESSES	Ord	PRESSES	Ord	PRESSES	Ord	PRESSES	Ord	PRESSES
Specified directors										
DR Wills	41,215	–	–	–	–	–	9,688	–	50,903	–
MD Burrows	14,648	–	–	–	–	–	4,650	–	19,298	–
Sir R Carnegie	20,232	–	–	–	–	–	4,263	–	24,495	–
RC Corbett	1,116	–	–	–	–	–	6,200	–	7,316	–
DM Gonski	24,648	180	–	–	–	–	4,650	–	29,298	180
FG Hilmer	117,653	180	–	–	3,500,000	–	(669,000)	(180)	2,948,653	–
MA Jackson	13,023	–	–	–	–	–	4,649	–	17,672	–
JM King	23,327	180	–	–	–	–	4,263	(52)	27,590	128
RJ Walker	151,116	–	–	–	–	–	156,200	–	307,316	–
Specified executives										
B Evans	29,728	–	–	–	–	–	(29,387)	–	341	–
P Graham	2,366	–	–	–	–	–	–	–	2,366	–
A Revell	25,065	–	–	–	–	–	(12,864)	–	12,201	–
Total	464,137	540	–	–	3,500,000	–	(516,688)	(232)	3,447,449	308

All equity transactions with specified directors and executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(G) LOANS TO SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

(i) DETAILS OF AGGREGATES OF LOANS TO SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES ARE AS FOLLOWS:

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at end of period	Number in group
Specified directors						
During the year ended 30 June 2004 there were no loans to specified directors (2003: nil).						
Specified executives						
2004	**100,000**	**–**	**5,270**	**–**	**100,000**	**1**
2003	100,000	–	4,830	–	100,000	1
Total						
2004	**100,000**	**–**	**5,270**	**–**	**100,000**	**1**
2003	100,000	–	4,830	–	100,000	1

(ii) DETAILS OF INDIVIDUALS WITH LOANS ABOVE $100,000 IN THE REPORTING PERIOD ARE AS FOLLOWS:

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at end of period	Highest owing in period
Specified directors						
During the year ended 30 June 2004 there were no loans to specified directors (2003: nil).						
Specified executives						
A Revell	100,000	–	5,270	–	100,000	100,000

TERMS AND CONDITIONS OF LOANS

The above loans to directors and specified executives are interest free. The average commercial rate of interest during the year was 5.27% (2003: 4.83%). These loans must be used for income producing purposes and have a 5 year term.

During the financial year ended 30 June 2000, $100,000 was advanced to A Revell, a specified executive of controlled entities.

The loan to A Revell is outstanding as at 30 June 2004.

31. REMUNERATION OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES continued

(H) OTHER TRANSACTIONS AND BALANCES WITH SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

All other transactions with specified directors and specified executives occur within a normal employee, customer or supplier relationship on normal terms and conditions.

32. RELATED PARTY DISCLOSURES

DIRECTORS

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

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	406,978	540	3,500,000
Acquisitions	225,563	–	–
Converted to ordinary shares	3,500,000	–	(3,500,000)
Disposals	(700,000)	(232)	–
Balance at the end of the year	3,432,541	308	–

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 arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the directors; or
- are trivial or domestic in nature.

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.

LOANS

During the financial year ended June 2000 $1,125,000 was advanced to directors and executives of controlled entities, N Dews, N Leeder and A Revell as interest free loans. The balance outstanding as at 30 June 2004 is $100,000 (2003: $475,000). During the year ended 30 June 2003 the loan to N Dews was repaid. The loan to N Leeder was repaid during the year ended 30 June 2004. The loan to A Revell is outstanding as at 30 June 2004.

ULTIMATE PARENT

John Fairfax Holdings Limited is the ultimate parent company.

	Consolidated 2004 $000	Consolidated 2003 $000	Company 2004 $000	Company 2003 $000

33. NOTES TO THE STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF CASH

	Consolidated 2004 $000	Consolidated 2003 $000	Company 2004 $000	Company 2003 $000
For the purpose of the Statement of Cash Flows, cash includes the following:				
Cash	**28,105**	19,446	**–**	14,566
Bank borrowings	**–**	–	**(7,503)**	–
	28,105	19,446	**(7,503)**	14,566

(B) RECONCILIATION OF NET PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

	Consolidated 2004 $000	Consolidated 2003 $000	Company 2004 $000	Company 2003 $000
Net profit	**276,773**	125,746	**79,999**	157,720
Non-cash items				
Depreciation and amortisation	**85,306**	69,209	**7,813**	6,140
Amounts set aside to provisions	**52,969**	41,505	**3,245**	3,166
Write-down of employee loans	**–**	626	**–**	–
Write-down of non current assets	**1,089**	4,745	**–**	–
Net (profit)/loss on disposal of property, plant & equipment	**(1,008)**	(2,020)	**1**	5
Net loss/(profit) on disposal of other assets	**62**	(97)	**–**	–
Share of associates' net (profits)	**(1,408)**	(1,231)	**–**	–
Dividends received from associates	**1,790**	–	**–**	–
Changes in assets and liabilities net of the effects of the acquisition The Text Media Group Limited and of the working capital of the publishing business of Independent Newspapers Limited				
Trade debtors	**(11,396)**	473	**–**	20
Other debtors and prepayments	**(4,812)**	7,242	**(158)**	–
Inventories	**(3,234)**	5,496	**–**	–
Trade and other creditors	**(56,251)**	(13,682)	**(1,307)**	7,797
Sundry creditors	**26,176**	3,187	**–**	–
Provisions	**(70,365)**	(56,502)	**(3,420)**	(2,180)
Tax balances	**(76,990)**	69,655	**(49,004)**	2,121
Transfers from related bodies corporate	**–**	–	**(177,936)**	(252,769)
Net cash flows from operating activities	**218,701**	254,352	**(140,767)**	(77,980)

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000

33. NOTES TO THE STATEMENT OF CASH FLOWS continued

(C) ACQUISITION OF CONTROLLED ENTITY

Details of the cash outflow relating to the acquisition of The Text Media Company Limited at 12 January 2004 and of the New Zealand publishing assets and liabilities of Independent Newspapers Limited at 30 June 2003 were as follows:

	Consolidated 2004 $000	Consolidated 2003 $000	Company 2004 $000	Company 2003 $000
Consideration:				
Cash	**64,010**	1,036,197	**64,010**	–
Other acquisition costs	**4,978**	19,604	**4,978**	–
	68,988	1,055,801	**68,988**	–
Fair value of net assets acquired:				
Cash	**3,532**	–	**3,532**	–
Trade debtors	**6,341**	66,740	**6,341**	–
Other receivables	**–**	2,698	**–**	–
Prepayments	**–**	807	**–**	–
Inventories	**291**	19,782	**291**	–
Investments	**927**	872	**927**	–
Property, plant and equipment	**512**	116,236	**512**	–
Tax assets	**480**	–	**480**	–
Goodwill	**4,839**	–	**4,839**	–
Mastheads and tradenames	**62,359**	923,233	**62,359**	–
Trade payables	**(1,478)**	(75,963)	**(1,478)**	–
Other payables	**(7,658)**	(7,640)	**(7,658)**	–
Employee benefits	**(530)**	(10,568)	**(530)**	–
Tax liability	**(1,105)**	–	**(1,105)**	–
Borrowings	**(4,500)**	–	**(4,500)**	–
Total net assets acquired	**64,010**	1,036,197	**64,010**	–
Other acquisition costs	**4,978**	19,604	**4,978**	–
Total cost of acquisition	**68,988**	1,055,801	**68,988**	–
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	**–**	–
Net cash effect relating to the acquisition of The Text Media Company Limited:				
Cash consideration paid	**68,988**	–	**68,988**	–
Cash included in net assets acquired	**(3,532)**	–	**(3,532)**	–
Cash paid for the purchase of controlled entity as reflected in the Statement of Cash Flows	**65,456**	–	**65,456**	–

(D) NON-CASH FINANCING AND INVESTING ACTIVITIES

Under the terms of the DRP, $53.73 million (2003: nil) of dividends were paid via the issue of 16,079,597 shares (2003: nil). A cash dividend payment of $64.96 million was made to shareholders that did not elect to participate in the DRP. 19,389,618 shares were issued to UBS AG for the underwriting of this dividend payment.

(E) FINANCING FACILITIES

Refer Note 15.

33. NOTES TO THE STATEMENT OF CASH FLOWS continued

(F) DISPOSAL OF CONTROLLED ENTITY

	Consolidated **2004** $000	Consolidated 2003 $000	Company **2004** $000	Company 2003 $000
Details of the cash inflow relating to the disposal of The Text Publishing Company Pty Limited at 31 May 2004 are as follows:				
Proceeds on disposal:				
Cash	**608**	–	**–**	–
The carrying amounts of assets and liabilities disposed of by major class are:				
Trade debtors	**339**	–	**–**	–
Inventories	**271**	–	**–**	–
Payables	**(175)**	–	**–**	–
Other	**235**	–	**–**	–
Net assets of entity sold	**670**	–	**–**	–
(Loss) on disposal	**(62)**	–	**–**	–
Net cash effect:				
Cash proceeds on disposal of The Text Publishing Company Pty Limited	**608**	–	**–**	–
Cash proceeds from the sale of other investments	**541**	1,946	**–**	–
Cash proceeds from the sale of investments as reflected in the Consolidated Statement of Cash Flows	**1,149**	1,946	**–**	–

34. 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.

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	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 2004							
FINANCIAL ASSETS							
Cash	**28,105**	**–**	**–**	**–**	**–**	**28,105**	**5.25**
Receivables	**–**	**–**	**–**	**–**	**273,930**	**273,930**	**–**
Investments	**–**	**–**	**–**	**–**	**11,915**	**11,915**	**–**
Cross currency swap receivable	**–**	**–**	**–**	**–**	**21,435**	**21,435**	**–**
	28,105	**–**	**–**	**–**	**307,280**	**335,385**	
FINANCIAL LIABILITIES							
Bank borrowings (unsecured)	**175,000**	**–**	**–**	**–**	**–**	**175,000**	**6.0**
Bank loans	**131,394**	**–**	**–**	**–**	**–**	**131,394**	**5.8**
Senior notes	**–**	**–**	**171,600**	**339,359**	**–**	**510,959**	**6.0***
Medium term notes	**–**	**–**	**150,000**	**–**	**–**	**150,000**	**7.7***
Other borrowings	**–**	**6,896**	**–**	**88,969**	**–**	**95,865**	**10.4**
Lease liability	**54,422**	**–**	**–**	**–**	**–**	**54,422**	**12.2**
Total borrowings	**360,816**	**6,896**	**321,600**	**428,328**	**–**	**1,117,640**	
Interest rate swaps**	**74,527**	**(100,000)**	**364,246**	**(338,773)**	**–**	**–**	**–**
Accounts payable	**–**	**–**	**–**	**–**	**255,017**	**255,017**	**–**
	435,343	**(93,104)**	**685,846**	**89,555**	**255,017**	**1,372,657**	
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	

* 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 $125m of interest rate swaptions which mature in December 2004.

34. FINANCIAL INSTRUMENTS continued

(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 statement of financial position. The principal statement of financial position risk arises from the issue of Senior Notes denominated in US dollars (refer Note 15) and the underlying assets and liabilities of our New Zealand business. The exposure to US dollar payments for principal and interest under this transaction was fully hedged into AUD and NZD by cross currency and interest rate swap transactions. At balance date the fair value of these cross currency swaps are $35.0 million (2003: $56.9 million). The consolidated entity also enters into forward foreign exchange contracts to hedge foreign currency denominated payments (principally US dollars, NZD and GBP) 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.

		2004 Weighted average exchange rate	2003 Weighted average exchange rate	**2004** $'000	2003 $'000
GBP	Not longer than one year	**0.4088**	0.3709	**(2,829)**	4
EURO	Not longer than one year	**–**	0.5998	**–**	5,337
Swiss Francs	Not longer than one year	**–**	0.8994	**–**	8,338
SGD	Not longer than one year	**1.2535**	–	**(6,145)**	–
NZD	Not longer than one year	**1.1018**	1.1563	**(632,014)**	(899,251)
USD	Not longer than one year	**0.6489**	0.6212	**823**	710
	Longer than one year	**0.7378**	0.7960	**350,000**	120,023

(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 2004 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 $35.0 million (2003: $56.9 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

All financial assets and liabilities have been recognised at the balance date at the net fair value except for the following:

RECOGNISED

Cash, receivables, investments, accounts payable and provision for dividends, cross currency swaps 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.

Foreign exchange contracts – The fair value of forward exchange contracts is determined as the gain or loss at reporting date calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

	Carrying amount asset/(liability)		Net fair value asset/(liability)	
	2004 $000	2003 $000	**2004** $000	2003 $000
Interest rate swaps	**–**	–	**6,373**	8,391
Interest rate options	**–**	–	**(1,570)**	–
Foreign currency contracts	**(1,434)**	(6,658)	**(1,929)**	(6,658)

35. SEGMENT REPORTING

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

The economic entity operates in one business segment, publishing. The publishing business comprises news, information and entertainment publishing and advertising sales in newspaper, magazine and electronic formats.

	Australia **2004** $000	Australia 2003 $000	New Zealand **2004** $000	New Zealand 2003 $000	Eliminations **2004** $000	Eliminations 2003 $000	Consolidated **2004** $000	Consolidated 2003 $000
REVENUE								
Sales to customers outside the economic entity	**1,274,871**	1,197,468	**473,084**	–	**–**	–	**1,747,955**	1,197,468
Other revenue from customers outside the economic entity	**16,198**	19,177	**9,215**	–	**–**	–	**25,413**	19,177
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–
Share of equity accounted profits	**1,317**	1,231	**91**	–	**–**	–	**1,408**	1,231
Total segment revenue	**1,292,386**	1,217,876	**482,390**	–	**–**	–	**1,774,776**	1,217,876
Interest revenue							**9,598**	9,322
Total revenue from ordinary activities							**1,784,374**	1,227,198
RESULT								
Segment result	**214,688**	201,258	**132,967**	–	**–**	–	**347,655**	201,258
Unallocated revenue less unallocated expenses							**(71,894)**	(23,489)
Consolidated profit from ordinary activities before income tax expense							**275,761**	177,769
Income tax benefit/(expense)							**1,012**	(52,023)
Consolidated profit from ordinary activities after income tax expense							**276,773**	125,746
ASSETS								
Segment assets	**3,383,866**	3,291,402	**1,193,841**	1,138,653	**(1,104,908)**	(1,043,588)	**3,472,799**	3,386,467
Unallocated assets							**58,391**	39,684
Total assets							**3,531,190**	3,426,151
LIABILITIES								
Segment liabilities	**256,089**	270,040	**925,962**	871,753	**(838,904)**	(777,584)	**343,147**	364,209
Unallocated liabilities							**1,119,295**	1,280,180
Total liabilities							**1,462,442**	1,644,389
OTHER SEGMENT INFORMATION:								
Equity method investments included in segment assets	**7,397**	6,419	**732**	612	**–**	–	**8,129**	7,031
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**103,631**	74,709	**6,571**	1,055,801	**–**	–	**110,202**	1,130,510
Depreciation	**71,224**	67,607	**12,541**	–	**–**	–	**83,765**	67,607
Amortisation	**1,541**	1,602	**–**	–	**–**	–	**1,541**	1,602
Non-cash expenses other than depreciation and amortisation	**42,881**	46,250	**11,177**	–	**–**	–	**54,058**	46,250

36. SUBSEQUENT EVENTS

On 2 September 2004, Fairfax New Zealand Limited announced the sale of its magazine marketing and distribution business Gordon & Gotch Pty Limited to PMP (NZ) Limited for NZ$4.4 million with an appropriate adjustment for working capital.

The financial effect of this transaction has not been brought to account in the financial statements for the year ended 30 June 2004.

37. IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the year ending 30 June 2006, Fairfax will comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on Fairfax's financial performance and financial position are summarised below.

Fairfax has not yet completed the quantification of the effects of the differences discussed below. In addition, regulatory bodies that produce IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The Board established a formal project to prepare Fairfax for the introduction of IFRS. This project commenced in mid-2003 with an objective of achieving transition to IFRS reporting, beginning with the half year ended 31 December 2005. The Company's IFRS project consists of three phases Assessment and planning; Design; and Implementation.

The Assessment and planning phase produced a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. The Company considers the assessment and planning phase to be complete in most respects as at 30 June 2004.

The design phase aims to formulate the changes required to existing accounting policies, procedures, systems and processes in order to transition to IFRS. The Company has commenced its design phase with various project teams working on areas such as treasury operations, staff training and financial reporting changes. The design phase is expected to be complete by December 2005.

The Implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the Company to generate the required disclosure of AASB 1 as it progresses through its transition to IFRS. The Company expects this phase to be substantially complete by 30 June 2005.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

IFRS difference identified	Potential nature of the IFRS impact
Financial Instruments	
Increase in Total Assets and Total Liabilities due to the recognition of hedge instruments and related debt at fair value.	Financial instruments must be recognised in the Statement of Financial Position and all derivatives and most financial assets must be carried at fair value.
Increased risk of volatility in reported profit due to any ineffective portion of hedges being recognised in the Statement of Financial Performance.	*Fairfax has a number of hedging instruments in place to manage exchange and interest rate exposures. AASB 1 provides an election whereby the requirements of IAS 39 and IAS 32 dealing with Financial Instruments are not required to be applied to the first IFRS comparative year. First time adoption of these standards will apply from 1 July 2005.*
Debt v equity classification	
Increase in Total Liabilities, decrease in Net Assets. Decrease in Equity. Decrease in reported net profit with a corresponding decrease in dividends paid. Retained profits unchanged.	Certain financial instruments will be re-classified as debt instruments rather than equity instruments. The relating dividend payments will be classified as interest charges through the Statement of Financial Performance rather than distributions of equity. *Fairfax has PRESSES on issue that are classified as equity under current Australian GAAP. Applying IAS 32 will result in a reclassification of PRESSES as debt and the dividends paid on them as interest expense. As noted above, the application of IAS 32 is not required for comparative periods and the 1st time adoption of this change will be from 1 July 2005.*
Taxation	
Increase in Total Assets and Total Liabilities as more deferred tax assets and liabilities are recognised. Potential impact on Net Assets and reported profit not expected to be material.	Income tax will be calculated based on the "balance sheet" approach, which could result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

37. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS continued

IFRS difference identified	Potential nature of the IFRS impact
Post employment benefits	
Increase in Total Assets and/or Total Liabilities. Potential impact on Net Assets and reported profit not expected to be material.	Surpluses and deficits in the defined benefit superannuation plans sponsored by entities within the consolidated entity will be recognised in the Statement of Financial Position and the Statement of Financial Performance. *Fairfax has defined benefit superannuation plans in Australia and New Zealand. As at the last actuarial valuation prepared for Australian GAAP reporting purposes, both funds had small surpluses. Updated actuarial valuations that comply with IFRS requirements are currently being prepared and are not expected to differ materially from previous valuations.*
Intangible assets – mastheads	
Potential impact on Net Assets and reported profit not expected to be material. As most existing Mastheads and Intangibles were acquired, rather than internally generated, no material change is expected to existing carrying values.	Internally generated intangible assets must meet strict criteria in order to be recognised. Intangible assets can only be revalued if there is an active market. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance will not be recognised. Fairfax mastheads were largely acquired, rather than internally generated. As such these mastheads are carried at the fair value attributed to them at the time of their acquisition and are likely to continue to do so under IFRS.
Intangible assets – goodwill	
Increase in reported profit due to non-amortisation of goodwill. Increased risk of volatility in reported profit due to the need to assess impairment annually.	Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually and will not be amortised.
Asset impairment	
Potential impact on Net Assets and reported profit not expected to be material.	Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and other relevant assets have been impaired. Impairment testing will be conducted at a Cash Generating Unit level.
Share based payments	
Based on current share options in place, no material impact on reported profit or equity.	Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services. *Fairfax has not granted significant shares of options to Directors, Executives or employees.*
Comparatives	
Potential impact on Net Assets and reported profit not expected to be material.	Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

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 2004 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 26 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
Chairman, Audit and Risk Committee

Frederick G. Hilmer
Chief Executive Officer and Director

Sydney, 17 September 2004.

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 2004. 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, including compliance with Accounting Standards in Australia, 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 their performance as represented by the results of their 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 judgement 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 2004 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

David J Simmonds
Partner

Sydney, 17 September 2004

SHAREHOLDER INFORMATION

JOHN FAIRFAX HOLDINGS LIMITED

Twenty largest holders of securities at 31 August 2004	Number of securities	%
(i) ORDINARY SHARES		
J P Morgan Nominees Australia Limited	191,246,007	21.09
National Nominees Limited	151,642,945	16.72
Westpac Custodian Nominees Limited	142,993,347	15.77
RBC Global Services Australia Nominees Pty Limited	23,559,660	2.60
Citicorp Nominees Pty Limited	21,417,140	2.36
RBC Global Services Australia Nominees Pty Limited	20,255,285	2.23
ANZ Nominees Limited	19,710,942	2.17
Queensland Investment Corporation	17,361,707	1.91
IAG Nominees Pty Limited	17,131,118	1.89
Cogent Nominees Pty Limited	16,837,885	1.86
Government Superannuation Office	9,284,457	1.02
AMP Life Limited	8,511,786	0.94
RBC Global Services Australia Nominees Pty Limited	7,811,796	0.86
Westpac Financial Services Limited	6,252,247	0.69
Transport Accident Commission	4,785,664	0.53
ANZ Nominees Limited	3,803,170	0.42
Health Super Pty Limited	3,703,033	0.41
Victorian WorkCover Authority	3,619,329	0.40
Australian Foundation Investment Company Limited	3,457,253	0.38
Westpac Life Insurance Services Limited	3,431,376	0.38
	676,816,147	74.63
(ii) PREFERRED RESET SECURITIES EXCHANGEABLE FOR SHARES (PRESSES)		
RBC Global Services Australia Nominees Pty Limited	152,617	6.10
Share Direct Nominees Pty Limited	150,000	6.00
J P Morgan Nominees Australia Pty Limited	125,456	5.02
AMP Life Limited	117,693	4.71
UBS Private Clients Australia Nominees Pty Limited	114,714	4.59
UBS Nominees Pty Limited	82,230	3.29
Questor Financial Services Limited	74,972	3.00
Westpac Custodian Nominees Limited	72,819	2.91
Net Nominees Limited	33,747	1.35
Australian Foundation Investment Company Limited	28,250	1.13
Citicorp Nominees Pty Limited	25,000	1.00
Westpac Financial Services Limited	25,000	1.00
Sandhurst Trustees Limited	23,500	0.94
Cogent Nominees Pty Limited	23,055	0.92
RBC Global Services Australia Nominees Pty Limited	22,695	0.91
Tower Managed Funds Limited	18,717	0.75
Permanent Trustee Australia Limited	17,668	0.71
RBC Global Services Australia Nominees Pty Limited	12,665	0.51
Questor Financial Services Limited	10,755	0.43
Argo Investments Limited	10,000	0.40
	1,141,553	45.67
(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 2004 are:

	Ordinary Shares
Maple-Brown Abbott Limited	71,159,680
UBS Nominees Pty Limited and related bodies corporate	65,096,120
Franklin Resources Inc and its affiliates	55,758,321
National Australia Bank Limited Group	45,815,082
Harris Associates L.P.	45,079,000

DISTRIBUTION SCHEDULE OF HOLDINGS AT 31 AUGUST 2004

No. of securities	No. of ordinary shareholders	No. of PRESSES holders	No. of debenture holders	No. of option holders
1 – 1,000	8,186	5,837	1	–
1,001 – 5,000	21,539	114	–	–
5,001 – 10,000	5,317	14	–	28
10,001 – 100,000	2,701	14	–	126
100,001 and over	156	5	–	8
Total number of holders	37,899	5,984	1	162
Number of holders holding less than a marketable parcel	675	–	–	–

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

		2004	2003	2002	2001	2000	1999	1998
Total revenue from ordinary activities	$m	**1,783.0**	1,226.0	1,197.8	1,327.7	1,408.6	1,315.3	1,153.6
Operating revenue	$m	**1,767.7**	1,208.9	1,174.8	1,288.5	1,344.9	1,144.8	1,109.3
Earnings before depreciation, interest and tax (EBITDA)	$m	**433.0**	270.5	188.6	299.8	390.3	322.0	293.1
Depreciation	$m	**85.3**	69.2	67.1	65.2	64.7	67.1	69.3
Earnings before interest and tax	$m	**347.7**	201.3	121.6	234.6	325.6	254.9	223.8
Net interest expense	$m	**71.9**	23.5	29.7	43.8	47.6	46.7	55.9
Profit before tax and abnormals	$m	**N/A**	N/A	N/A	N/A	N/A	208.2	167.9
Abnormal items	$m	**N/A**	N/A	N/A	N/A	N/A	26.5	(8.5)
Profit before tax	$m	**275.8**	177.8	91.8	190.8	278.0	234.7	159.4
Income tax (benefit)/expense	$m	**(1.0)**	52.0	38.2	62.7	92.6	56.2	47.6
Net profit	$m	**276.0**	125.5	53.7	128.1	185.8	180.3	111.8
Net profit before significant items	$m	**207.6**	125.5	90.2	126.2	168.4	134.5	111.6
Total equity	$m	**2,068.7**	1,781.8	1,344.5	1,141.0	1,088.6	984.5	1,142.4
Total assets	$m	**3,531.2**	3,426.2	2,314.7	2,291.8	2,152.7	2,105.2	2,098.2
Total borrowings	$m	**1,117.6**	1,219.8	593.4	774.3	622.5	755.9	669.5
Number of shares and debentures	M	**906.9**	867.5	735.1	734.9	730.6	728.0	806.9
Number of shareholders		**37,899**	45,455	44,731	45,007	32,325	21,353	19,211
Number of PRESSES holders		**5,984**	6,285	6,201	–	–	–	–
EBITDA to operating revenue	%	**24.5**	22.4	16.1	23.3	29.0	28.1	26.4
Earnings per share	Cents	**29.1**	14.4	6.2	17.5	25.5	23.2	14.0
Earnings per share before significant items	Cents	**21.4**	14.4	11.2	17.3	23.2	17.3	13.9
Operating cash flow per share	Cents	**24.1**	29.3	18.5	21.3	43.5	33.2	26.3
Dividend per share	Cents	**16.5**	13.0	11.5	11.5	11.5	10.5	9.5
Interest cover based on EBITDA before significant items	Times	**6.3**	11.5	7.8	7.0	8.2	6.9	5.2
Gearing	%	**52.7**	67.4	43.6	67.1	56.2	74.8	58.4
Return on equity	%	**13.3**	7.0	4.0	11.2	17.1	18.3	9.8

DIRECTORY

ANNUAL GENERAL MEETING

The annual general meeting will be held at 10.30am on Friday, 29 October 2004 at the Four Seasons Hotel, 199 George Street, Sydney.

FINANCIAL CALENDAR

FOR FINANCIAL YEAR 2003–2004

Books close for final dividend	28 September 2004
Annual general meeting	29 October 2004
Final dividend mailed	21 October 2004
PRESSES dividend	December 2004

ESTIMATED FOR FINANCIAL YEAR 2004–2005

Interim result and dividend announcement	February 2005
Books close for interim dividend	April 2005
Interim dividend mailed	April 2005
PRESSES dividend	June 2005
Preliminary final result and dividend announcement	August 2005
Final dividend mailed	October 2005
Annual general meeting	October 2005
PRESSES dividend	December 2005

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.fairfax.com.au.

REMOVAL FROM ANNUAL REPORT MAILING LIST

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

ANNUAL REPORTS BY EMAIL

To receive Fairfax Annual Reports by email please go to the website of the share registry, ASX Perpetual, www.asxperpetual.com.au <http://www.asxperpetual.com.au>, and select "Communications Options" from the menu, and follow the instructions.

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.

FAIRFAX PUBLICATIONS

AUSTRALIAN PUBLICATIONS

METROPOLITAN NEWSPAPERS
The Sydney Morning Herald
The Sun-Herald
The Age
The Sunday Age

FAIRFAX BUSINESS MEDIA
The Australian Financial Review
The Australian Financial Review – Weekend Edition
AFR Magazine
Boss
afr.com
Business Review Weekly
Personal Investor
Asset
Shares
CFO Australia
MIS Australia
MIS NZ
MIS Asia
MIS UK

FAIRFAX REGIONAL AND COMMUNITY NEWSPAPERS
REGIONAL NEWSPAPERS
The Herald
Weekender
The Post – Newcastle and Lake Macquarie
The Hunter Post
Central Coast Sun Weekly
Port Stephens Examiner
Port Stephens Examiner Pink Pages
Illawarra Mercury
The Advertiser – Wollongong
The Advertiser - Shellharbour
The Warrnambool Standard
Moyne Gazette
Colac & Corangamite Extra

COMMUNITY NEWSPAPERS – NEW SOUTH WALES
Auburn Review*
Bankstown/Canterbury Torch*
Cooks River Valley Times*
Northern Beaches Weekender*
Blacktown City Sun
Fairfield City Champion
Hills News
Liverpool City Champion
Campbelltown Macarthur Advertiser
Camden Advertiser
Hawkesbury Independent
Northern News
Parramatta Sun
Penrith City Star
St Marys Star
St. George & Sutherland Shire Leader
Wollondilly Advertiser
Homes Pictorial (Sydney)**
Homes Pictorial Cental Coast**
Property Showcase**
Focus on Property Blue Mountains**

* Torch Newspapers
**Real Estate Publications Australasia

COMMUNITY NEWSPAPERS – VICTORIA
Altona/Laverton Mail
Bacchus Marsh Express Telegraph
Berwick & District Journal
City Weekly
Community News – Mooney Valley
Community News – Moreland
Emerald Hill Times
Knox Journal
Macedon Ranges Telegraph
Maroondah Journal
Melbourne Times
Melbourne Weekly Bayside
Melton Express Telegraph
Monash Journal
North West Advocate
Packenham Journal
Peninsular Journal
Sunbury Telegraph
The Advocate
The Journal - Dandenong
The Mail (Footscray)
The Melbourne Weekly
Werribee Banner
Whitehorse Weekender
Williamstown Advertiser
Yarra Ranges Journal

FAIRFAX GENERAL MAGAZINES
Good Weekend
Television
Sunday Life
the(sydney)magazine
theage(melbourne)magazine
Uncorked
Drive
Fashion

FAIRFAX DIGITAL
smh.com.au
theage.com.au
rugbyheaven.com
realfooty.com.au
monyemanager.com.au
tradingroom.com.au
mycareer.com.au
domain.com.au
drive.com.au
tradingroom.com.au
cracker.com.au

FAIRFAX NEW ZEALAND LTD

METROPOLITAN NEWSPAPERS
The Dominion Post
The Press
Waikato Times

PROVINCIAL NEWSPAPERS
Manawatu Standard, The
Marlborough Express, The
Nelson Mail, The
Southland Times, The
Taranaki Daily News
Timaru Herald

NATIONAL
Sunday Star-Times
Sunday News
Friday Flash, Turf Digest, Best Bets
New Zealand Truth

ONLINE
Stuff.co.nz
Jobstuff

COMMUNITY NEWSPAPERS
Wellingtonian
Hutt News
Kapi-Mana News
Kapiti Observer
Horowhenua Mail
Upper Hutt Leader
Wairarapa News
Christchurch Mail
The Northern Outlook
Central Canterbury News
Central Districts Farmer
Feilding Herald
Rangitikei Mail
The Tribune
Kaikoura Star
Motueka Golden Bay News
The Nelson Leader
The Richmond-Waimea Edition
The Mirror
Clutha Leader
Newslink
Taieri Herald
Otago Southland Farmer
The Bay Chronicle
Central Leader
Auckland City Harbour News
Eastern Courier
East & Bays Courier
Manukau Courier
Papakura Courier
Northern News
North Harbour News
North Shore Times
Norwest Newsbrief
Western Leader
Whangarei Leader
South Taranaki Star
North Taranaki Midweek
High Country Herald
Cambridge Edition
Franklin County News
North Waikato News
Hauraki Herald
Matamata Chronicle
East Waikato Country
Rural Delivery
Piako Post
Rotorua Review
South Waikato News
Ruapehu Press
Taupo Times

FAIRFAX MAGAZINES
Cuisine
New Zealand Gardener
NZ House & Garden
TV Guide
Boating New Zealand
New Zealand Fishing News
Fish & Game New Zealand
New Zealand Growing Today
New Zealand Horse & Pony
New Zealand Trucking
Truck & Machinery Trader

Fairfax wins gold.

Earlier this year 180 newspapers from 34 countries competed to achieve the international standard for newspaper print quality.

The Age, The Sydney Morning Herald and The Newcastle Herald took home the gold. The only Australian newspapers to do so.

The gold medal signifies that The Age Print Centre, Tullamarine and Fairfax Printers Sydney and Beresfield have been admitted into the exclusive International Newspaper Color Quality Club for 2004-2006 and recognises that they have achieved the highest standard of newspaper print production.

These wins confirm the Fairfax commitment to delivering the highest quality standards to our advertisers and readers.

The Sydney Morning Herald   THE HERALD   THE AGE

With over 1 million readers every week and the biggest AB audience of any newspaper, The Sydney Morning Herald is an advertiser's (and shareholder's) dream.

START A CONVERSATION

The Sydney Morning Herald