Fairfax Media Limited

ACN 008 663 161

Annual Report 2008

Contents

Chairman's Report

Our Board is very pleased to report strong earnings growth as a result of our focus on reaping the benefits of our merger with Rural Press and acquisition of Southern Cross. We have successfully completed the integration of those businesses into Fairfax Media and its operations in Australia, New Zealand and the USA. These strategic transactions have completely transformed our company.

As a result of our concerted and dynamic strategy of diversification and growth, the new Fairfax Media is, today, the largest and most diversified media company in Australasia. By positioning Fairfax Media for the digital age, managing costs, and strengthening our publishing businesses, we continue to be more competitive and successful than ever before.

The success of our strategy is fully reflected in our reported results for the expanded company for the 2008 financial year:

- Revenue increased 34% to $2.92 billion
- EBITDA grew 46% to $818.3 million
- Net profit after tax of $386.9 million, up 47%
- Earnings per share 24.6 cents, up 8.1%

Of particular note are our underlying earnings per share growth of 8.2%, to 25.2 cents. A final dividend of 10.0 cents, 75% franked has been declared by the Board. This brings total dividends for the year to 20.0 cents, continuing the company's payout ratio to shareholders at nearly 80%.

Fairfax Media has taken decisive steps to ensure that we are better positioned than publishers in the United States and the United Kingdom to respond to these structural challenges:

- Our newspapers have an excellent record of circulation growth and long-term circulation and readership stability. This is a result of our investment in colour and other innovations to revitalize our publications.
- We have firm cost disciplines that have been devised so as not to harm the internationally recognised quality journalism for which we are renowned.
- We have far stronger online positions than our peers overseas, yielding the #1 news and information sites in Australia and a greater share of online classified and display revenues. We own 100% of our entire portfolio of internet assets.

No other major publishing company in the world has such strength in newspapers and magazines across metro, regional, financial, community, and agriculture publishing; a comprehensive portfolio of successful online news, classified and transaction businesses; and a strong radio network.

With over 300 mastheads across Australia, New Zealand and the United States, more than over 50 major websites, and 15 radio stations, we are one of the largest content generators in Australasia. For Fairfax Media today, our newspapers, news and information websites, radio stations, magazines, and online businesses reach over 10 million people each week in Australia and New Zealand.

While Fairfax Media faces the same structural and cyclical issues as other publishing companies worldwide, we are managing those challenges forthrightly through our strategy of diversification and growth.

As directed by our Board, our media businesses – in print, online and on air – are working together. The company's publishing operations in regional and rural Australia, agricultural publishing, and financial news and information are performing well. Our online businesses in Australia and with Trade Me in New Zealand are growing aggressively. Our new radio businesses are strong. Fairfax New Zealand is carefully managing the difficult economic conditions in that country.

Taken together, our growth in these key areas – which generate 80% of the company's earnings – helps offset the structural threat to the classifieds in the metropolitan newspapers in Sydney and Melbourne, and the cyclical weakness in those advertising markets. Notwithstanding an earnings decline of 9% in the Sydney and Melbourne mastheads, overall earnings were up 8%. This is a direct result of our strategic reorientation of the company.

This is why we believe Fairfax Media is better positioned than at any other time in its past 175 years to meet the ongoing challenges we will face this year and continue on a sound strategic course for the future.

With a dynamic Board and management's leadership, we have completely reshaped our company for the next generation.

Chairman's Report

I am pleased to report that your Board continues to work as a team together. We have an exceptionally capable management team, led by our CEO, David Kirk, to ensure we deliver to our shareholders the full benefits of the investments and acquisitions we have made.

We look forward to continued implementation of our strategic vision and the benefits it is delivering to everyone involved in this exceptional company.

I also want to thank our staff for their continued dedication and commitment to the company and our shareholders.

Ronald J. Walker, AC CBE
Chairman

Chief Executive Officer's Report

For the 2008 financial year, we reported strong earnings growth in the face of difficult economic conditions in Australia's Sydney and Melbourne metropolitan markets and in New Zealand.

Fairfax Media continued to grow in the second half of the year as markets tightened with earnings per share up 7.7%. These results highlight the successful implementation of our strategy of diversification of revenue, investment in digital earnings growth and constant focus on operational improvement to drive earnings per share growth.

Our highest priority this year was to deliver on what we promised when we undertook substantial investment and expansion – and we have delivered.

Full year key operating performance highlights include:

- Australian Regional and Community publications EBITDA up 7.8%
- Specialist (financial and agricultural) publishing EBITDA up 15.0%
- Fairfax Digital revenues up over 30%, and EBITDA up 46%
- Trade Me EBITDA up 39.0% to NZ$70.1 million
- Overall costs up 1.4%
- Continued growth in New Zealand publishing in the second half of the year in tough conditions with EBITDA (local currency) improving 0.6% on the prior year, and full year earnings up by 3.1% and by 4.3% on a like-for-like basis.

With respect to overall business performance, there were significant achievements in key areas:

- Successful completion of the merger with Rural Press, and the establishment of a new management team for Australian Publishing and Printing led by Brian McCarthy, with delivery of all synergies.
- Successful upgrade and enhancements of the regional masthead websites, and rebranding and rollout of the Domain property brand across that network.
- A range of upgrades and investments to expand our printing business.
- A continued program of successful bolt-on acquisitions.
- Successful completion of the acquisition of the radio broadcasting and television production and distribution businesses of Southern Cross, with rebranding completed and cross-promotion with radio and our print and online mastheads in major markets underway, and cost synergies realised.
- Successful launch of WAtoday.com.au, extending our national footprint in news and classifieds, and bringing diversity and competition to the media market in Western Australia. WAtoday's initial audience figures have exceeded expectations, and are already within range of the incumbent newspaper's website.
- Successful completion of our move to One Darling Island in Sydney, with new infrastructure and facilities serving our Sydney operations, including Herald Publications, Fairfax Business Media, Fairfax Digital, and corporate.
- A major reorganisation in Fairfax New Zealand, with new editorial and commercial leadership, growth of our online news and information sites and continued strong market leadership in newspapers and magazines.
- Commencement of construction of Media House in Melbourne, which will house our Victorian operations.

With respect to the business units and their performance:

AUSTRALIAN PUBLISHING AND PRINTING

<u>Regional and Community Newspapers</u> overall continued to post strong revenue and profit growth in Canberra, Newcastle, and regional publications across Queensland, Victoria, South Australia, Tasmania and Western Australia. Weaker real estate markets affected NSW community publications.

<u>Metro publishing revenues</u> were weaker, with total revenues reflecting continued advertising weakness, particularly in Sydney. Melbourne market conditions were stronger but did weaken in the second half of the year. Circulation was strong with The Age a particular highlight.

Chief Executive Officer's Report

Fairfax Magazines performed very well, with strong revenue and profit growth.

Agriculture publishing had a strong year, notwithstanding drought conditions in parts of Australia, most notably southern and western NSW, with solid earnings growth on steady revenues and firm cost controls.

Offshore publishing The US agricultural publishing business continued to enjoy solid gains with an earnings improvement of 38% on last year in US dollar terms. New Zealand agricultural publishing increased revenue and earnings.

Printing operations benefited from restructuring, consolidation and investment, with good earnings growth.

FAIRFAX BUSINESS MEDIA

Fairfax Business Media had continued strong revenue and profit growth with robust advertising growth in The Australian Financial Review. Business magazines had a steady performance with stronger profit growth at BRW. Circulation of The Australian Financial Review, both on weekdays and during the weekend, has grown strongly. Afr.com continues to progress well.

FAIRFAX DIGITAL

Fairfax Digital's revenue increased over 30%, with a profit at the EBITDA level, up 46.8% over the 2007 financial year. Total traffic across all the Fairfax sites increased to over 16.5 million unique browsers per month, up 15% on the previous corresponding period. Fairfax Digital enjoys the absolute leadership position in online news with smh.com.au and theage.com.au, has the leading sites in online dating (RSVP), and holiday rentals (Stayz), and has strong positions in the employment, real estate and automotive classified categories. Brisbanetimes.com.au has enjoyed strong growth over the year, and WAtoday has exceeded expectations thus far. Transaction revenues continue to grow strongly. Revenue and earnings gains were also registered as a result of the upgrade of Rural Press masthead online sites and their integration into the overall Fairfax Digital network.

TRADE ME

Trade Me contributed NZ$70.1 million in EBITDA to the group result, up 39%. These strong results triggered the payout to the principals of the earn-out on the acquisition of Trade Me of NZ$45.2 million. During the year:

- Live to site auction listings passed 1,180,118, an increase of 31%
- Motor Vehicle listings are currently over 59,409, up 37% YOY
- Real Estate listings exceeded 81,796, and were up 111% YOY
- Jobs listings exceed 10,000, up 31% YOY

FAIRFAX MEDIA NEW ZEALAND

Fairfax Media New Zealand reported earnings growth and a marginal increase in revenues in local currency terms, notwithstanding a worsening of economic conditions during the second half of the year that affected employment and real estate advertising markets. In particular, the benefits of cost reduction measures continue to flow through to earnings. Underlying publishing costs were well contained despite strong inflationary pressures on labour costs. The New Zealand mastheads had solid circulation and readership performance.

FAIRFAX RADIO

Fairfax Radio Network enjoyed good performance in Melbourne, Perth and Brisbane, with Sydney operations stabilising. Overall ratings improved as the year progressed. Expected cost synergies have been fully achieved. Regional radio continued to grow solidly.

SOUTHERN STAR

Southern Star fully delivered on expectations in the first eight months of ownership by Fairfax Media. The Company has announced the sale of Carnival Film & Television Ltd. in the UK to NBC Universal, which will generate proceeds to the Company of £22.5 million (or $48.3 million at the current exchange rate).

This is a very satisfactory set of results in the face of declining earnings for our metropolitan newspapers in Australia and tough trading conditions, particularly in New Zealand.

Chief Executive Officer’s Report

BUSINESS IMPROVEMENT PROGRAM

In August we announced implementation during the first half of the 2009 financial year a business improvement program across the Group’s corporate division, Australian publishing and printing businesses and Fairfax New Zealand. The program will deliver around $50 million in annualised cost savings. Approximately $25 million of the savings will flow into the 2009 financial year result. The Company will book a one-off charge of approximately $50 million for redundancy and associated costs during this half.

This is the third wave of business improvement initiatives we have undertaken over the past three years. Over the course of the 2006 and 2007 financial years we achieved $52 million in ongoing real cost reductions. Cost synergies associated with the merger of Fairfax Media and Rural Press and the acquisition of Southern Cross radio produced a further $53 million in savings ($45 million Rural Press, $8 million radio). All of these synergies will be realised by the end of this financial year.

With the new organisation structure in place and line management operating effectively now is the time to launch a third wave of business improvement. Fairfax Media needs to continue to adapt as media markets here and around the world change. This far-reaching program will position us well for the next stage of our growth and development.

Fairfax Media is in excellent shape. Our strategy of diversification and growth has enabled us to meet the challenges we face, and to ensure an even more robust future. I appreciate the support given by the Board for me and my executive team.

David Kirk MBE
Chief Executive Officer

Board of Directors

Board of Directors

MR RONALD WALKER, AC CBE

NON-EXECUTIVE CHAIRMAN

Mr Walker has been prominent in public life for more than 40 years. 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 was co-founder and major shareholder of Crown Casino Limited, and Scarborough Minerals Limited.

Mr Walker served two terms as Lord Mayor of Melbourne from 1974 to 1976.

Mr Walker has served Australia in many capacities over many years in public life including: Chairman, Cancer Institute; Chairman, Heart Foundation Appeal; Chairman, Save the Children Fund; Chairman, Aborigines Advancement League; Chairman, Australian Ballet Foundation; Chairman, Australia Business Arts Foundation; Commissioner, Melbourne 1996 Olympic Games Bid; Member, Sydney 2000 Olympics Bid; Trustee, National Gallery of Victoria for nine years; Founding Chairman, Victorian Major Events Company for ten years; Chairman, Melbourne 2006 Commonwealth Games; Chairman, Australian Grand Prix Corporation and MotoGP; Member, Formula One Commission UK; Director, Football Federation Australia; Chairman, Microsurgery Foundation at St Vincent's Hospital; Director, Australian Tissue Engineering Centre at St Vincent's Hospital.

In 1977 Mr Walker was made a Commander of the Order of the British Empire (CBE) for service to the Commonwealth. He became an officer of the Order for Australia (AO) for service to the community 1987, and was made a Companion of the Order of Australia (AC) in 2003 for services to business, arts, tourism and the community.

MR ROGER CORBETT, AO

NON-EXECUTIVE DIRECTOR

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 retired from that position at the end of September 2006. Mr Corbett is a Director of the Reserve Bank of Australia, a Director of Wal-Mart Stores, a Director of PrimeAg and Chairman of ALH Group.

MR DAVID EVANS

NON-EXECUTIVE DIRECTOR

Mr Evans has over three decades of experience in the television industry in Australia, the US and the UK. He is a member of the senior executive team at RHI Entertainment in New York, in charge of New Media and Channel Development. Mr Evans is also on the board of directors of Village Roadshow Limited and BSkyB in the UK. Prior to taking up his position at RHI Entertainment, he was President and CEO of Crown Media Holdings, Inc, the owner of Hallmark Channels in the USA. Mr Evans has also served as Executive Vice President of News Corporation, and President and Chief Operating Officer of Fox Television.

MR JOHN B FAIRFAX, AM

NON-EXECUTIVE DIRECTOR

Mr John B Fairfax was a board member of Rural Press from 1988 and Chairman from 1990 until the Merger with Fairfax Media Limited. He has significant experience as a company director and in the media and agricultural industries. He has been Chairman of Marinya Media Pty Limited since 1988, councillor of the Royal Agricultural Society of New South Wales since 1990, Councillor since 1979, and President since 1993 of Girls and Boys Brigade Inc. and Trustee of Reuters Founders Share Company Limited since 2005.

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

Board of Directors

MR NICHOLAS J FAIRFAX

NON-EXECUTIVE DIRECTOR

Mr Nicholas Fairfax was a Director of Rural Press Limited from August 2005 until 9 May, 2007. He has been a Director of Marinya Media Pty Ltd since 2005, a Director of Cambooya Pty Ltd since 2002 and a Director of the Vincent Fairfax Family Foundation since 2004. Mr Fairfax is a Director of Tickets Holdings Pty Limited, an alternate Director of Bayard Group Pty Ltd since 2002 and a member of UTS Faculty of Business Executive Council.

MRS JULIA KING

NON-EXECUTIVE DIRECTOR

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 the Heide Museum of Modern Art. Mrs King is a director of Servcorp Australian Holdings Pty Limited, Opera Australia and Carla Zampatti Limited.

MR DAVID KIRK, MBE

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Kirk commenced as CEO of Fairfax Media in October 2005. Prior to joining Fairfax Media, Mr Kirk was the CEO and Managing Director of PMP Ltd, the largest magazine and commercial printing and media services company in Australia. Prior to this, he was Regional President, Australasia for Norske Skog, the world's largest manufacturer of newsprint and magazine grades of paper. Mr Kirk previously worked for Fletcher Challenge Paper and Fletcher Challenge Energy in senior executive roles in New Zealand and Australia.

Prior to joining Fletcher Challenge, Mr Kirk worked for three years as first Executive Assistant and then Chief Policy Advisor to the Rt. Hon. Jim Bolger, Prime Minister of New Zealand. Apart from the business arena, he represented New Zealand in rugby union from 1983-1987 and captained the All Blacks in 1986 and 1987. In 1987, under his leadership the All Blacks won the inaugural Rugby World Cup. In 1987 he was awarded an MBE for services to rugby. In 1987 he took up a Rhodes Scholarship at Oxford University, studying Philosophy, Politics and Economics. His first degree was in Medicine.

MR BOB SAVAGE

NON-EXECUTIVE DIRECTOR

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

MR PETER YOUNG, AM

NON-EXECUTIVE DIRECTOR

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

Until recently he served as Chairman of Investment Banking for ABN AMRO in Australia and New Zealand. From 1998 to 2002, Mr Young was Executive Vice Chairman, ABN AMRO Group (Australia and New Zealand) and Head of Telecommunications, Media & Technology Client Management for Asia Pacific. He is currently the Chairman of Transfield Services Infrastructure Fund, Chairman of the AIDA Fund Limited, the Chairman of EFIC, the Federal Government's Export Agency and Chairman of Delta Electricity. He is involved in several other community, environmental and artistic activities.

Directors' Report

The Board of directors presents its report together with the financial report of Fairfax Media Limited (the Company) and of the consolidated entity, being the Company and its controlled entities for the period ended 29 June 2008 and the auditor's report thereon.

Directors

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

MR RONALD WALKER, AC, CBE

Non-Executive Chair

MR DAVID KIRK, MBE

Executive Director and Chief Executive Officer

MR ROGER CORBETT, AO

Non-Executive Director

MR DAVID EVANS

Non-Executive Director

MR JOHN B FAIRFAX, AM

Non-Executive Director

MR NICHOLAS FAIRFAX

Non-Executive Director

MRS JULIA KING

Non-Executive Director

MR ROBERT SAVAGE

Non-Executive Director

MR PETER YOUNG, AM

Non-Executive Director

MR MARK BURROWS, AO

Non-Executive Deputy Chair
Resigned from the Board on 31 January, 2008

A profile of each director at the date of this report is included on pages 6 and 7 of this report.

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

Company Secretary

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

Corporate structure

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

Principal activities

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

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

Consolidated result

The consolidated profit attributable to the consolidated entity for the financial year was $386,878,000 (2007: $263,510,000).

Directors' Report

Dividends

A final fully franked dividend of 10 cents per ordinary share and debenture in respect of the year ended 1 July, 2007 was paid on 27 September, 2007. This dividend was shown as approved in the previous annual report.

An interim 75% franked dividend of 10 cents per ordinary share and debenture in respect of the year ended 29 June, 2008 was paid on 31 March 2008.

Since the end of the financial year, the Board has declared a final 75% franked dividend of 10 cents per ordinary share and debenture in respect of the year ended 29 June, 2008 payable on 2 October, 2008.

Distributions to holders of Stapled Preference Securities (SPS) were paid as follows: $4.0404 per share paid 31 October 2007 and $4.3341 per share paid 30 April 2008.

Review of operations

Revenue for the Group increased 34% to $2,934 million generating a net profit after tax of $386.9 million, an increase of 46.8%. Earnings per share increased 8.4% to 24.6 cents. These Group results include the former Southern Cross radio network and Southern Star television and distribution businesses acquired on 9 November 2007.

Operations which recorded increases in revenues and profits were Australian regional and community publications, specialist publications, Australian printing, New Zealand publications and the online businesses Fairfax Digital in Australia and Trade Me in New Zealand. Revenues and profit of the Australian metropolitan publication businesses were lower. Further information is provided in the Management Discussion and Analysis Report on page 30.

Significant changes in the state of affairs

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

- On 9 November 2007, the consolidated entity completed its acquisition of the former Southern Cross Broadcasting's radio business, (including metropolitan stations 2UE in Sydney, 3AW and Magic 1278 in Melbourne, 4BC and 4BH in Brisbane and 6PR and 96FM in Perth) the Southern Star television production and distribution business, Satellite Music Australia and associated businesses from Macquarie Media Group;

- The headquarters of the consolidated entity were relocated from Darling Park to One Darling Island, Pyrmont during December, 2007.

Likely developments and expected results

The consolidated entity's prospects and strategic direction are discussed in the Chairman's and the Chief Executive Officer's reports on pages 1 - 5 of this report.

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

Environmental regulation and performance

The Company is not subject to any particular and significant environmental regulation under law. Nevertheless, the Company commissions regular independent expert audits in respect of environmental compliance. Recommendations resulting from these audits and reports have been, or are being, implemented. No material non-compliance with environmental regulation has been identified relating to the 2007/08 financial year.

During the year the Company commissioned a measurement of its carbon footprint. Based upon current reporting threshold requirements the Company does not presently have a CO_2 emissions reporting obligation.

In the move of its head office building and the planned relocation of The Age Company in Melbourne, the Company aims to achieve real improvements in its energy efficiency and CO_2 emissions.

Events after balance date

RESTRUCTURE

Subsequent to year end, the Group announced a business improvement program and initiatives to improve the overall productivity and performance of the business. The restructure is expected to deliver around $50 million in annualised cost savings with approximately $25 million flowing in to the 2009 financial year. It is anticipated that there will be a one off cost in the 2009 financial year of approximately $50 million. This has not been recorded in the current period.

TRADE ME EARN OUT

Subsequent to year end, NZ$45.2 million (A$35.2million) was paid to the former owners of Trade Me Limited as part of the contractual second year earn out agreement entered into at the time of acquisition of Trade Me Limited on 5 March, 2006. A provision was recognised as at 29 June 2008.

CARNIVAL FILM & TELEVISION LTD SALE

On 20 August 2008, the Company announced it had agreed to sell, subject to regulatory approvals, Southern Star Group Limited's 75% interest in UK based Carnival Film & Television Ltd together with certain library and distribution rights of Carnival productions currently held by Southern Star, for a total sale price of approximately £22.3 million. This has not been recorded in the current period.

Remuneration Report

A remuneration report is set out on pages 14 - 21 and forms part of this Directors' Report.

Directors' Interests

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

ORDINARY SHARES

	Opening Balance	Acquisition	Disposals	Closing Balance	Post Year End Acquisitions	Post Year End Disposals	Post Year End Balance
RJ Walker	1,014,300	19,530	-	1,033,830	28,297	-	1,062,127
RC Corbett	29,540	10,551	-	40,091	3,989	-	44,080
D Evans	13,801	38,647	-	52,448	3,547	-	55,995
JB Fairfax	216,501,147	8,135	26,500	216,482,782	3,103	-	216,485,885
N Fairfax	1,210,113	1,202,238	-	2,412,351	3,989	-	2,416,340
JM King	37,352	8,716	-	46,068	3,325	-	49,393
DE Kirk	324,405	786,386	-	1,110,791	857,489	-	1,968,280
R Savage	-	19,996	-	19,996	3,324	-	23,320
P Young	12,367	9,048	-	21,415	3,768	-	25,183
M Burrows *	45,712	8,943	-	54,655	-	-	54,655
TOTAL	219,188,737	2,112,190	26,500	221,274,427	910,831	-	222,185,258

* The closing and post year end balance represents the number of shares held by Mr Burrows at the date he resigned from the Board.

No director holds options over shares in the Company.

Directors' Report

Directors' meetings

The following table shows the number of Board and Committee meetings held during the financial year ended 29 June, 2008 and the number attended by each director or Committee member.

	MEETINGS ***							
			Audit & Risk		Nominations		Personnel Policy and Remuneration	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
R J Walker**	8	8	4	4	2	2	5	5
R C Corbett	8	7	4	4	-	-	6	6
D Evans	8	8	-	-	1	1	6	4
JB Fairfax	8	7	-	-	-	-	6	5
NJ Fairfax	8	8	4	4	2	2	-	-
JM King	8	8	-	-	2	2	-	-
DE Kirk*	8	8	4	4	2	2	6	6
R Savage	8	8	4	3	-	-	-	-
P Young	8	8	4	4	-	-	2	2
M Burrows	4	4	2	2	-	-	4	3

* Mr Kirk attended Audit & Risk and Personnel Policy and Remuneration Committee meetings as an invitee of the Committees.

** Mr Walker, Chairman, is an ex officio member of all Board committees.

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

Options

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

Indemnification and insurance of officers and auditors

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

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

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

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

No officers are former auditors

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

Non-audit services

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

Details of the amounts paid or payable to the auditor, Ernst & Young for non-audit services provided during the financial year are set out below. Details of amounts paid or payable for audit services are set out in Note 34 to the financial statements.

Directors' Report

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

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 is on page 13 of this report.

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

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

- Australia $296,000
- Overseas $230,402

Other assurance and non-assurance services:

- Australia $148,707
- Overseas $41,136

Rounding

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

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

Ronald Walker
Chair

David Kirk
Chief Executive Officer and Director

26 September, 2008

Auditor's Independence Declaration

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

In relation to our audit of the financial report of Fairfax Media Limited for the period 2 July 2007 to 29 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Christopher George
Partner
Sydney
26 September 2008

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Remuneration Report

1. Introduction

This report forms part of the Company's 2008 Directors' Report and describes the Fairfax remuneration arrangements for directors and prescribed senior executives. It has been prepared to comply with the requirements of the Corporations Act 2001 and its Regulations.

The report also contains details of the equity interests of Fairfax directors and certain senior executives.

2. Personnel Policy and Remuneration Committee (PPRC)

The current members of the PPRC are Roger Corbett (Chair), David Evans, John B Fairfax and Peter Young. All members except John B Fairfax are independent directors. The PPRC met six times during the year.

The Committee's primary responsibilities are to:

(a) review and approve Fairfax employee remuneration strategies and frameworks and to oversee the development and implementation of employee remuneration programs, performance management processes and succession planning with the goal of attracting, motivating and retaining high quality people;

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

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

(d) make recommendations to the Board regarding directors' fees and review and recommend the aggregate remuneration of non-executive directors to be approved by shareholders;

(e) review the key parameters for salary movements for the Group as a whole.

The CEO, the IT & Group HR Director and the General Manager, Group HR, regularly attend PPRC meetings but not when their own remuneration arrangements are being discussed.

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

3. Remuneration of Non-Executive Directors

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

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

Directors have resolved that there will be no increase in Directors fees for 2008-09 year. At the date of this report the Board has set fees as follows:

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

* Ronald Walker, as Chair, does not receive committee fees.

The fees above do not include statutory superannuation payments.

3.1 RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

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

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

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

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

4. Remuneration of the Chief Executive Officer

The remuneration details for the CEO, are set out in section 5.6 of this report.

The key terms of Mr Kirk's Executive Services Agreement with the Company include a base salary, currently $1.7 million per year, and performance bonus ("Performance Bonus") of up to 100% of base salary depending on achievement of defined performance criteria set at the beginning of each financial year. The performance targets are approved by the Personnel Policy and Remuneration Committee ("PPRC") of the Board each year. Sixty percent of the Performance Bonus is determined by achievement of financial targets for the Group. The remaining forty percent is based on other Key Performance Indicators set by the PPRC each year depending on the operational and strategic goals of the Group. For the financial years 2006 and 2007, one third of the Performance Bonus earned by the CEO was paid in Company shares purchased on market by the trustee of the Employee Share Plan. Each of the annual allocations of these shares have a three year vesting date.

Under his Executive Service Agreement entered into when he joined the Company, Mr Kirk was entitled to a one-off special payment of $1.2 million in lieu of benefits forgone from previous employment. Of this amount, $400,000 was paid on commencement of employment, a further instalment of $400,000 was paid on 1 July 2006 and the final $400,000 was paid on 1 July 2007. Mr Kirk has salary sacrificed each of the instalments into the Fairfax Employee Share Plan for the purchase of Fairfax shares.

In 2007 the Company introduced a new long-term equity based incentive scheme for senior executives, including the CEO ("Long Term EBIS"). This scheme is effective from the 2008 financial year. This replaced the previous equity-based incentive scheme. Details of the Long Term EBIS are set out in section 5.2(C) of this report. Under the Long Term EBIS Mr Kirk receives the equivalent of 150% of his total fixed remuneration as an allocation of Company shares each year. These shares vest on the terms set out in section 5.2(C) below.

5. Remuneration of Senior Executives

The objectives of the Company's executive remuneration framework are to align executive remuneration with the achievement of strategic objectives, the creation of value for shareholders, and to be in line with market.

The PPRC aims to ensure that executive remuneration addresses the following criteria:

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

The framework provides a mix of fixed salary and performance-based incentives. Payment of performance-based incentives is determined by the financial performance of the Company, the financial performance of the business unit relevant to the executive and the performance of the individual executive against objectives set at the beginning of the year.

The PPRC discusses and approves the remuneration packages and any bonus payments to the direct reports of the CEO annually in August. On the recommendation of the CEO, it also approves key performance indicators for these executives for the following year.

The executive remuneration framework has the following components:

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

The combination 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), for example, motor vehicle, parking and superannuation.

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

Annual Bonus payments for senior executives depend on achievement of annual financial performance criteria for the Group as well as specific strategic and operational criteria. The Bonus criteria for the CEO are set each year by the Board.

Each senior executive has a target bonus opportunity depending on the accountabilities of the role and impact on Company or business unit performance. For most senior executives reporting directly to the CEO the on-target Bonus opportunity for 2008 was 40% of the executive's fixed remuneration package and the maximum Bonus opportunity was 80% of the fixed remuneration package. Generally, the Bonus opportunity consists of three components: 35% of the Bonus opportunity is based on EBITDA and earnings per share, 35% is based on business unit financial performance and 30% is based on other key performance indicators (KPIs). For corporate executives whose duties are not confined to one business unit, generally 60% of the Bonus opportunity is based on corporate financial performance.

For the period ended 29 June 2008, the KPIs linked to the incentive plans for senior executives were based on Group performance, individual business unit performance and personal objectives (KPIs). The KPIs required performance in increasing revenue, reducing operating costs and achieving specific targets relating to other key strategic non-financial measures linked to drivers of the Group's performance, including circulation, readership and market position. Specific measures for individuals include EPS, EBITDA, revenue, circulation, readership targets and occupational health and safety targets.

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

5.2 EQUITY-BASED INCENTIVE SCHEMES (EBIS)

Participants are senior executives reporting to the CEO whose roles and skills are critical to the strategy of the Group.

(A) PRE 2006 EBIS

Under the Pre 2006 EBIS in place prior to the 2006 financial year, equity-based incentives (EBIs) were 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 was 25% of fixed pay plus bonus and was payable in Company shares.

Each year a target EBI amount was determined for each participating executive (the “Allocation”). At the end of three 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 Allocation.

The comparator group is the ASX 300 Industrial Accumulation Index (“Comparator”). For each Allocation to vest, the Company’s TSR over the relevant three year period must outperform the Comparator (the “Hurdle”). Allocations in the EBIS were made in each July 2001, 2002, 2003, 2004 and 2005. Over all of the performance periods, the Hurdle was not met and as a result, at the end of the 2008 financial year all allocations have been cancelled.

In 2006, the Pre 2006 EBIS was replaced by the 2006/07 EBIS described below.

(B) 2006-2007 EBIS

In 2006, after a review of the Pre 2006 EBIS by the PPRC and consultation with an external remuneration expert, the Company replaced the Pre 2006 EBIS with the 2006/07 EBIS to more closely align shareholders’ interests with the Company’s remuneration principles.

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

C) 2008 LONG TERM EBIS

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

Company shares for the Allocations are be purchased on market by the Trustee of the Employee Share plan and held by the Trustee in trust until the Allocation vests or is forfeited.

For an Allocation to vest, there are two performance hurdles, both linked to the Company’s return to shareholders. The hurdles are measured at the end of the three year vesting period. In addition, if an Allocation does not vest at the end of the three year period, a re-test of the performance hurdles will occur at the end of the fourth year, and if satisfied, the Allocation will vest.

Fifty percent of an Allocation will vest on achievement by the Company of the total shareholder return (TSR) target. TSR will be measured against the S&P/ASX 300 Consumer Discretionary Index and shares will vest against the capital weighted percentile thresholds set out in the table below:

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

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

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

OTHER TERMS OF THE LONG-TERM EBIS

On termination of a participant's employment, vesting rights will depend on the circumstances of the termination. If a participant resigns, unvested allocations will be forfeited however the Board will have a discretion to allow vesting. On termination for fraud or misconduct, allocations will be forfeited. If a participant is terminated without cause, for example made redundant or dies or is permanently disabled, then vesting will be at the Board's discretion and subject to the achievement of the performance hurdles. In the circumstances of an offer to acquire the Company, vesting will be at the Board's discretion.

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

		AIFRS	AIFRS	AIFRS	AGAAP Restated	AGAAP
		2008	2007	2006	2005	2004
Underlying operating revenue	$m	2,909	2,117.6	1,907.8	1,873.4	1,767.7
Net profit before significant items	$m	395.9	267.8	234.3	237.6	207.6
Earnings per share before significant items	Cents	25.1	23.2	24.5	25.8	21.4
Dividends per share	Cents	20.0	20.0	19.5	23.5	16.5
*Total Shareholder Returns (TSR)	%	(34.7)	34.2	(5.70)	23.20	36.64

* Total shareholder returns comprises share price appreciation and dividends, gross of franking credits, reinvested in the shares (source: Bloomberg)

5.3 RETENTION ARRANGEMENTS

In 2005, retention arrangements were put in place for two key executives to ensure their retention and successful contribution during the transition to the new CEO. The two key executives and the amounts of the retention are:

G Hambly $300,000

S Narayan $300,000

To facilitate this arrangement, ordinary Fairfax Media shares were purchased on market by the trustee of the Employee Share Plan and held in the Employee Share Plan until they vest. The shares vest over a three year period. Vesting is contingent on the executive continuing to be employed by the Company on the date of vesting and also subject to the achievement of the executive's personal KPIs related to each individual's area of responsibility. The KPIs are chosen as the most appropriate to drive the successful delivery of business outcomes. The first tranche of 25% of the shares vested on 1 October 2006, the second tranche of 25% vested on 1 October 2007 and the final tranche of 50% is due to vest on 1 October 2008.

5.4 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.

5.5 EXECUTIVE SERVICES AGREEMENTS

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

The remuneration and other terms of employment for the highest paid executives (disclosed pursuant to section 300A of the Corporations Act) are set out in written agreements. Except for Ms Withers (who has a fixed term contract), these service agreements are unlimited in term but may be terminated without cause by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below.

Each of these agreements sets out the arrangements for total fixed remuneration, performance-related cash bonus opportunities, superannuation, termination rights and obligations and eligibility to participate in the equity-based incentive scheme.

As described elsewhere in this report, executive salaries are reviewed annually. The executive service agreements do not require the Company to increase base salary, pay incentive bonuses or continue the participant's participation in the equity-based incentive scheme. The key non-financial terms of the contracts for key executives are set out below. Base pay, bonus and equity payments are set out in tables below.

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

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

(a) commits an act of serious misconduct;

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

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

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

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

The Company may terminate the employment of the executive at any time by giving the executive notice of termination or payment in lieu of such notice. The amount of notice required from the Company in these circumstances is set out in the table below. If the Company elects to make payment in lieu of all or part of the required notice, payment is calculated on the basis of fixed remuneration excluding bonuses and non-cash incentives, except in the case of David Kirk, who is entitled to $2,000,000 in lieu of the full 12 months notice or a pro rata amount for part thereof.

Name of Executive	Company Termination Notice Period	Employee Termination Notice Period	Post-Employment Restraint
David Kirk	12 months	6 months	- 12 month no solicitation of employees or clients - 12 months no work for a competitor of the Fairfax Group
Brian McCarthy	12 months	6 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Gail Hambly	18 months	3 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Jack Matthews	12 months	6 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Sankar Narayan	12 months	4 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group
Joan Withers	6 months	6 months	- 12 month no solicitation of employees or clients - 6 months no work for a competitor of the Fairfax Group

5.6 REMUNERATION OF DIRECTORS

		SHORT-TERM			POST EMPLOYMENT				
		Directors' Fees	Base Salary & Other Benefits	Cash Bonus	Super-annuation	Retirement Benefits	Long Service Leave Expense	Total *	Performance Related Total
RJ Walker	2008	336,000	-	-	30,240	-	-	366,240	n/a
	2007	328,000	-	-	29,520	-	-	357,520	n/a
RC Corbett	2008	151,667	-	-	13,650	-	-	165,317	n/a
	2007	151,667	-	-	13,650	-	-	165,317	n/a
D Evans	2008	147,333	-	-	13,260	-	-	160,593	n/a
	2007	130,000	-	-	11,700	-	-	141,700	n/a
JB Fairfax	2008	140,000	-	-	12,600	-	-	152,600	n/a
	2007	20,290	-	-	1,826	-	-	22,116	n/a
NJ Fairfax	2008	173,667	-	-	15,630	-	-	189,297	n/a
	2007	24,638	-	-	2,217	-	-	26,855	n/a
DE Kirk	2008	-	1,650,038	864,960	50,000	-	13,918	2,578,916	50%
	2007	-	1,330,192	1,166,667	143,380	-	-	2,640,239	47%
JM King	2008	150,000	-	-	13,500	-	-	163,500	n/a
	2007	140,000	-	-	12,600	-	-	152,600	n/a
R Savage	2008	152,977	-	-	13,768	-	-	166,745	n/a
	2007	-	-	-	-	-	-	-	n/a
P Young	2008	154,000	-	-	13,860	-	-	167,860	n/a
	2007	140,000	-	-	12,600	-	-	152,600	n/a
MD Burrows	2008	128,333	-	-	11,550	228,900	-	368,783	n/a
	2007	214,167	-	-	19,275	-	-	233,442	n/a
Total Directors	**2008**	**1,533,97**	**1,650,038**	**864,960**	**188,058**	**228,900**	**13,918**	**4,479,851**	
	2007	1,148,76	1,330,192	1,166,667	246,768	-	-	3,892,389	

* In addition to the remuneration in table 5.6 above, David Kirk's total cost to the Company includes the amortised cost of the fair value of rights to shares issued of $834,967 (2007: $116,666) representing a total of $3,413,883 (2007: $2,756,905). Non-executive directors are not participants in any performance related share arrangements (refer section 3 of the remuneration report).

5.7 KEY MANAGEMENT PERSONNEL

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

	Title
Brian McCarthy	Deputy CEO and CEO Australia
Gail Hambly	Group General Counsel and Company Secretary
Jack Matthews	CEO Fairfax Digital
Sankar Narayan	Chief Financial Officer
Joan Withers	CEO Fairfax New Zealand

There were no changes to the key management personnel between the end of the financial year and the date of this report.

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

				SHORT-TERM		POST EMPLOYMENT				
		Company	Group	Base Salary & Other Benefits	Cash Bonus	Super-annuation	Termination Benefits	Long Service Leave Expense	Total excluding shares	Performance Related Total
B McCarthy	2008	✓	✓	1,224,776	780,000	100,000	-	46,570	2,151,346	44%
	2007	✓	✓	132,756	-	15,258	-	2,600	150,614	n/a
G Hambly	2008	✓	✓	490,993	150,000	59,045	-	36,017	736,055	38%
	2007	✓	✓	391,600	299,638	74,474	-	14,019	779,731	48%
J Matthews	2008	✓	✓	547,363	155,000	46,114	-	3,950	752,457	31%
	2007	✓	✓	459,705	116,667	40,295	-	-	616,667	19%
S Narayan	2008	✓	✓	734,642	288,000	65,396	-	13,426	1,101,464	43%
	2007	✓	✓	571,804	442,071	78,387	-	6,201	1,098,463	48%
J Withers	2008		✓	564,759	174,382	-	-	-	739,141	24%
	2007		✓	516,034	91,616	-	-	-	607,650	15%
TOTAL			**2008**	**3,562,533**	**1,547,382**	**270,554**	**-**	**99,963**	**5,480,434**	
			2007	2,071,899	949,992	208,414	-	22,820	3,253,125	

B McCarthy joined the Company and Group on 9 May 2007 following the acquisition of the Rural Press group.

The key management personnel of the Company and Group also include the five highest remunerated executives of the Company and Group.

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

B McCarthy $279,573 (2007: nil), G Hambly $180,863 (2007: $134,937), J Matthews $106,687 (2007: 3,334) and S Narayan $317,053 (2007 $151,790).

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

B McCarthy $2,430,919 (2007: $ 148,014), G Hambly $916,918 (2007: $914,668), J Matthews $859,114 (2007: 620,001), S Narayan $1,418,517 (2007 $1,250,253) and J Withers $739,141 (2007: $607,650).

5.8 OPTIONS

During the year ended 29 June 2008:

- no options were granted to directors or key management personnel (2007:nil);
- no options held by directors or key management personnel vested (2007:nil);
- no options held by directors or key management personnel lapsed (2007:nil); and
- no options held by directors or key management personnel were exercised (2007:nil).

5.9 LOANS TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

During the year ended 29 June 2008, there were no loans to directors or to key management personnel (2007: nil).

5.10 HEDGING RISK ON SCECURITIES FORMING PART OF REMUNERATION

The rules of the Employee Share Plan Trusts prohibit employees from creating any encumbrance on unvested share rights. The Board does not presently have a formal policy in relation to employees limiting their exposure to risk in relation to securities which form part of remuneration.

Corporate Governance

The Company has considered the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" and recorded its compliance with the recommendations in the following table.

	Compliance	Page Reference
Principle 1: Lay solid foundations for management and oversight		
1.1 Formalise and disclose the functions reserved to the board and those delegated to management	✓	24
Principle 2: Structure the board to add value		
2.1 A majority of the board should be independent directors	✓	
2.2 The Chair should be an independent director	✓	
2.3 The roles of Chair 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*	✓	25-27
Principle 3: Promote 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:		
3.1.1 The practices necessary to maintain confidence in the Company's integrity; and		
3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2 Disclose the policy for trading in company securities by directors, officers and employees	✓	
3.3 Provide the information indicated in *Guide to reporting on Principle 3*	✓	26-29
Principle 4: Safeguard integrity in financial reporting		
4.1 Require the chief executive officer (or equivalent) and the chief financial 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 an audit committee	✓	
4.3 Structure the audit committee so that it consists of:		
• only non-executive directors	✓	
• a majority of independent directors	✓	
• an independent chair, who is not chair of the board	1	
• at least three members	✓	
4.4 The audit committee should have a formal charter	✓	
4.5 Provide the information indicated in *Guide to reporting on Principle 4*	✓	26-27
Principle 5: Make timely and balanced disclosure		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	✓	
5.2 Provide the information indicated in *Guide to reporting on Principle 5*	✓	27-29

Corporate Governance

	Compliance	Page Reference
Principle 6: Respect 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	✓	28
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	2	
7.3 Provide the information indicated in *Guide to reporting on Principle 7*	✓	26-28
Principle 8: Encourage enhanced performance		
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	✓	14-19, 29
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.	3	
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	4	
9.5 Provide the information indicated in *Guide to reporting on Principle 9*	✓	14-21
Principle 10: Recognise the legitimate interests of stakeholders		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	✓	26

Corporate Governance

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

1 see Audit and Risk Committee section below;

2. 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;

3. remuneration policy and procedures are set out in the Remuneration Report on pages 14 - 21; and

4. equity-based remuneration is not paid to directors other than the CEO. The terms of the CEO's equity-based incentive were approved by shareholders at the 2005 Annual General Meeting. In 2008, the Board introduced a new long-term equity based incentive scheme for the CEO and key executives for the 2008 financial year and future years. Details of the scheme, including hurdles, are set out on pages 16 - 18 of this report. The scheme did not require shareholder approval as the shares for the scheme are purchased on market.

Set out on the following pages 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 Group.

The Board has adopted a Board Charter which sets out the responsibilities of the Board and its structure and governance requirements. Under the Board Charter, the 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 programs for succession planning and key executive development with the aim to ensure these programs are effective;

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

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

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

Corporate Governance

THE BOARD OF DIRECTORS

Director	Membership Type	COMMITTEE MEMBERSHIP Audit & Risk	Nominations	Personnel Policy & Remuneration
RJ Walker	Independent Chair	-	Member	-
DE Kirk	CEO	-	-	-
RC Corbett	Independent	Member	-	Chair
D Evans	Independent	-	Member	Member
JB Fairfax	Non-Independent	-	-	Member
N Fairfax	Non-Independent	Chair	Member	-
JM King	Independent	-	Chair	-
R Savage	Independent	Member	-	-
P Young	Independent	Member	-	Member
MD Burrows*	Independent Deputy Chair	Chair	Member	Member

* Mr Burrows resigned from the Company on 31 January, 2008

The qualifications and other details of each member of the Board are set out on pages 6 - 7 of this report.

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

The Constitution requires that the Board has a minimum of 3 directors and maximum of 12 or such lower number as the Board may determine from time to time. The Board has resolved that presently the maximum number of directors is 9.

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

Any director appointed by the Board must stand for election at the next general meeting of shareholders.

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

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

INDEPENDENT DIRECTORS

Under the Board Charter, the majority of the Board and the Chair must be independent.

Directors have determined that all directors except the Chief Executive Officer, Mr John B Fairfax and Mr Nicholas Fairfax, are independent. In assessing whether a director is independent, the Board has considered directors' obligations to shareholders, the requirements of applicable laws and regulations and the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The guidelines in the Recommendations examine in summary the following criteria:

- whether the director is a substantial shareholder
- independence from management
- freedom to exercise independent judgement

- whether the director has any present or prior executive role with the Company or the Company's auditor or other professional advisor
- whether the director has any significant supplier, customer or contractual relationship with the Company other than as a non-executive director

Mr John B Fairfax has a relevant share interest of 14.3% in the Company and Mr Nicholas Fairfax has a family relationship with Mr John B Fairfax. On this basis, the Board has concluded that, given the shareholding criteria in the Recommendations, neither is an independent director.

CODES OF CONDUCT

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

The Company has developed and communicated to all employees, directors and consultants the Fairfax Codes of Conduct. The Codes assist in upholding ethical standards and conducting business in accordance with applicable laws. The Codes also set out the responsibility of individuals for reporting Code breaches.

The Fairfax Codes of Conduct aim to:

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

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

AUDIT AND RISK COMMITTEE

The Board has had an Audit and Risk Committee since listing on the ASX in 1992. The Committee operates in accordance with a written charter which sets out its role and functions. In summary, the Committee's role is to advise and assist the Board on the establishment and maintenance of a framework of risk management, internal controls and ethical standards for the management of the 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 auditor's fee arrangements and enforces the Company's Charter of Audit Independence;
- ensures that appropriate systems of control are in place to effectively safeguard the value of assets;
- ensures accounting records are maintained in accordance with statutory and accounting requirements;
- monitors systems designed to ensure financial statements and other information provided to shareholders is timely, reliable and accurate;
- formulates policy 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).

Executives may attend by invitation. The Chair of the Committee is required to have relevant financial expertise and may not be the Chair of the Board.

Mr Nicholas Fairfax is a non-independent director. Notwithstanding his non-independent status, the Board considers that it is appropriate for him to Chair the Audit & Risk Committee on the basis of his financial and accounting qualifications, his recognition of his obligation to properly consider the best interests of all shareholders in bringing independent judgment to bear in decision making. The Board also takes into account that all other members of the Audit & Risk Committee are independent directors.

The Chair of the Committee may, at the Company's expense, obtain such external expert advice, 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 Company's website.

The purpose of this Charter is to provide a framework for the Board and management 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 Chair of the Audit and Risk Committee.

The Company requires rotation of the senior audit partner for the Company at least every five years. The Company's audit partner was changed during the previous financial year.

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 that it 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 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, Chief Financial Officer, Director of Corporate Affairs, General Manager Investor Relations and Group General Counsel and 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 ASX, media, analysts and investors. This safeguards the premature exposure of confidential information and aims to ensure proper disclosure is made in accordance with the law. 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 Leadership Team is responsible for ensuring staff understand and comply with the policy.

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 Chair'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 program, including internal control and compliance.

This program draws upon the guidelines 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 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 regular reports from management (and independent advisers where appropriate) on key risk areas such as treasury, health safety and environment, regulatory compliance, taxation, finance and internal audit.
- The process for assessing and reporting on risks, internal controls and internal compliance is being standardised, enhanced and formalised across the Group. This is an ongoing process.
- Formal risk assessments are required as part of business case approvals for one-off projects or initiatives of a significant nature. Project teams are responsible for managing the risks identified.
- Under the direction of the Audit and Risk Committee, Internal Audit conducts a program of internal control reviews over key areas, based on their importance to the Company, and provides independent assurance over the internal control assessments undertaken by management.

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

(a) The financial statements and associated notes comply in all material respects with the accounting standards as required by Section 296 of the Corporations Act 2001;

(b) The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 29 June, 2008, and performance of the Company and consolidated entity for the year then ended as required by Section 297 of the Corporations Act 2001;

(c) The financial records of the Company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

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

(e) The risk management and internal compliance and control systems of the Company and consolidated entity relating to financial reporting objectives are operating efficiently and effectively, in all material respects; and

(f) Subsequent to 29 June, 2008, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company and consolidated entity.

REMUNERATION

Details of the Company's remuneration policies are set out in the Remuneration Report beginning on page 14.

DIRECTORS' DEALINGS IN COMPANY SHARES

By resolution of the Board, each non-executive director sacrifices at least 25% of his or her director's fees to the Company's Employee Share Plan. Under this Plan, shares are purchased on the market by an independent trustee on behalf of directors and employees who have salary sacrificed to participate in the Plan. 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 Group or its intentions, which a reasonable person would expect to have a material effect on the price or value of Fairfax securities.

The Company has a written policy on trading in the Company's securities by directors and relevant employees. The policy sets out periods when no trading is to be undertaken and a process for authorisation of trading at other times.

Notwithstanding the above, it is also the responsibility of each individual director to reasonably consider whether he or she is in possession of price sensitive information and if in doubt, the director should not trade, to minimise 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.

REVIEW OF THE BOARD'S EFFECTIVENESS

The Board conducts a review of its structure, composition and performance annually.

The Board has access to external expertise to assist in the process.

Management Discussion & Analysis Report

OVERVIEW

The net profit attributable to members of the Company increased 46.8% to $386.9 million. Excluding significant non recurring items, the underlying net profit increased to $395.3 million, an increase of 47.6% over the previous year.

Reported earnings per share increased by 8.1%. Excluding the impact of significant non recurring items, underlying earnings per share increased 8.2% to 25.1 cents with growth in earnings per share in both the first and second halves. This was on the back of growth in existing businesses as well as the realisation of acquisition synergies. The diversification program of the last few years has also greatly reduced earnings cyclicality.

With significant changes to the Fairfax Media business from the Rural Press merger and the acquisition of the radio and TV production and distribution assets of Southern Cross, the reported results do not present a true comparative assessment against last year. For comparative purposes, including the 2007 results of Rural Press Limited for the twelve months to 1 July 2007, including Southern Cross and Southern Star for the eight months to 1 July 2007 and excluding significant items, a like for like analysis shows:

- Revenue increased 2.9% to $2.92 billion
- Earnings before interest and tax increased 8.7% to $722.1 million (9.6% on a constant currency basis)
- Total costs increased 1.4% to $2.09 billion

Detailed segment analysis of revenues and profitability and commentary on divisional performance is covered in detail in the Chief Executive Officer's report on pages 3 to 5 of the annual report.

SIGNIFICANT ITEMS

During the year, significant non recurring losses of $8.4 million after tax were incurred. These items were in the two categories of Property and Restructuring/Fixed Asset Impairment.

Property related costs of $1.7 million after tax associated with the relocation from the Sydney CBD offices to Pyrmont were incurred during the year. The relocation was completed during the 2008 financial year.

Restructuring, systems integration and fixed asset impairment charges of $6.7 million after tax were largely incurred as a result of the integration of the Rural Press, Southern Cross Radio and Southern Star businesses.

BALANCE SHEET

The acquisition in November 2007 of the Southern Cross radio business and Southern Star production business for $536 million had a significant impact on the balance sheet. Intangible assets and goodwill increased by $478.6 million. The acquisition, funded from cash resources and drawdowns of existing debt facilities, largely accounts for the reduction from the prior year in cash on hand by $272.4 million and the increase in non current interest bearing liabilities.

Contributed equity increased to $4.32 billion from $4.18 billion last year. This increase was largely driven by a $148 million increase in ordinary shares on issue from the underwritten Dividend Reinvestment Plan (DRP) for the September 2007 final dividend. Shares acquired for $14 million under the new long term employee incentive plan which are yet to vest have been included as a reduction in contributed equity as required by accounting standards.

The actual number of shares on issue increased by 33.9 million over the year and represented the shares issued under the DRP for the final dividend paid on 27 September 2007.

The DRP was also in operation for the interim dividend paid on 31 March 2008. During the DRP pricing period, the Company made on market purchases of shares to satisfy the take up under the DRP. There was therefore no increase in the actual number of shares issued by the Company for this dividend.

Movements in particularly the AUD/NZD exchange rates over the course of the year also had an impact on the balance sheet, The AUD equivalent of NZD denominated net assets generated a $250.9 million reduction in foreign currency translation reserves in the year. This is shown as a reduction in reserves in the balance sheet.

Management Discussion & Analysis Report

CASH FLOW

Operating cash flow remains strong with net cash inflow from operations increasing by 15% to $419.7 million. This increase is after absorbing approximately $50 million related to provisions for non recurring items raised in the 2007 financial year.

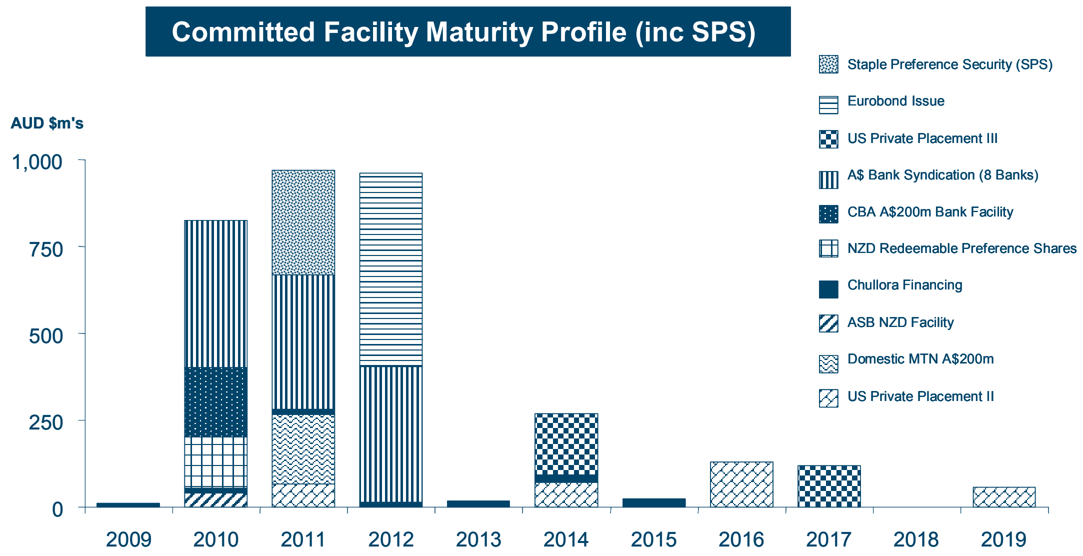
Expenditure on plant, equipment and systems upgrades of $115.4 million compared to $88.7 million last year was slightly above the $108.3 million depreciation charge. The increase was mainly due to upgrades to printing plants in Australia and New Zealand and investments being made to improve the editorial, advertising, digital and financial systems across the Company. These investments meet our strict financial criteria and will generate significant benefits into the future.

Since balance date, the Company has announced the conditional sale of the UK based Carnival Film and Television business for £22.5 million. The Company has also since balance date announced a major restructuring initiative which will incur one-off costs of approximately $50 million. The restructuring initiative will result in $50 million of savings from the 2010 financial year.

DEBT

Over the past twelve months, credit markets globally have experienced significant upheavals from which we were protected due to the capital raisings we completed in July 2007. While our net debt did increase by $436.7 million during the year to predominately finance acquisitions, our debt ratios are well within debt covenant limits. The Company does not face any refinancing exposure for the next 18 months and currently has $475 million in undrawn facilities available.

The graph below details the debt maturity profile of the Company



Borrowings denominated in foreign currency have been hedged against the impact of currency movements on both the debt outstanding and the interest obligations. These hedges largely account for a $63 million increase in derivative current and non current derivative assets and an increase in non current derivative liabilities of $31 million.

DIVIDENDS

Total ordinary dividends of $299.4 million were paid during the year, an increase of $81.0 million on last year. Ordinary dividends amounting to $243.2 million were paid in cash with the balance of $56.2 million being satisfied by the issue of ordinary shares under the Company's DRP. The September 2007 final dividend was fully underwritten with 21.1 million shares being issued to the underwriters for $91.8 million cash.

Dividends of $25.6 million were paid on the Stapled Preference Shares in both the current and prior years.

A final dividend of 10 cents per share, franked to 75% has been declared. This takes the total dividend per share on ordinary shares for 2008 to 20 cents per share, comparable with the amount paid last year.

FRANKING

Based upon current estimates of income tax payable in Australia as a percentage of the total income tax paid by the Company, it is anticipated that future dividends will be franked at 75%. The 25% unfranked portion of the dividend will be treated as Conduit Foreign Income under income tax legislation.

Consolidated Income Statements

Fairfax Media Limited and Controlled Entities for the period ended 29 June, 2008

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Revenue from continuing operations	2(A)	**2,900,883**	2,111,385	**101,445**	776,463
Other revenue and income	2(B)	**33,124**	67,155	**26,509**	26,758
Total revenue and income		**2,934,007**	2,178,540	**127,954**	803,221
Share of net profits of associates and joint ventures	11(C)	**8,735**	2,961	**-**	-
Expenses from continuing operations excluding depreciation, amortisation, asset impairment and finance costs	3(A)	**(2,099,355)**	(1,615,034)	**(86,003)**	(86,613)
Depreciation, amortisation and asset impairment	3(B)	**(108,295)**	(111,281)	**(9,514)**	(12,635)
Finance costs	3(C)	**(211,919)**	(116,964)	**(5)**	(2,743)
Net profit from continuing operations before income tax expense		**523,173**	338,222	**32,432**	701,230
Income tax (expense)/benefit	5	**(135,683)**	(76,601)	**26,754**	20,355
Net profit from continuing operations after income tax expense		**387,490**	261,621	**59,186**	721,585
Net (profit)/loss attributable to minority interest	26	**(612)**	1,889	**-**	-
Net profit attributable to members of the Company		**386,878**	263,510	**59,186**	721,585
Earnings per share (cents per share)					
Basic earnings per share (cents per share)	27	**24.6**	22.7		
Diluted earnings per share (cents per share)	27	**24.1**	23.0		

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

Consolidated Balance Sheets

Fairfax Media Limited and Controlled Entities as at 29 June, 2008

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
CURRENT ASSETS					
Cash and cash equivalents	37(B)	**93,864**	366,307	**680**	687
Trade and other receivables	7	**499,126**	408,917	**1,277,111**	1,360,669
Inventories	8	**44,801**	48,527	**-**	-
Derivative assets	16	**3,519**	8	**-**	-
Assets held for sale	9	**2,222**	500	**-**	-
Other current assets	10	**11,610**	-	**-**	-
Total current assets		**655,142**	824,259	**1,277,791**	1,361,356
NON-CURRENT ASSETS					
Receivables	7	**3,683**	1,323	**401,122**	398,705
Investments accounted for using the equity method	11	**45,690**	34,478	**-**	-
Available for sale investments	12	**3,547**	2,431	**-**	-
Held to maturity investments	13	**14,686**	16,014	**-**	-
Intangible assets	14	**6,492,640**	6,131,043	**14,044**	21,417
Property, plant and equipment	15	**875,181**	860,044	**16,839**	23,163
Derivative assets	16	**59,417**	165	**-**	-
Pension asset	17(A)	**5,542**	13,381	**-**	-
Deferred tax assets	18(A)	**128,561**	117,282	**9,200**	9,310
Other financial assets	19	**122**	122	**3,143,723**	3,142,329
Other non-current assets	10	**8,890**	-	**-**	-
Total non-current assets		**7,637,959**	7,176,283	**3,584,928**	3,594,924
Total assets		**8,293,101**	8,000,542	**4,862,719**	4,956,280
CURRENT LIABILITIES					
Payables	20	**330,045**	289,519	**15,900**	14,640
Interest bearing liabilities	21	**15,816**	12,237	**-**	-
Derivative liabilities	16	**1,006**	1,344	**-**	-
Provisions	22	**159,837**	147,022	**7,385**	4,889
Current tax liabilities		**5,456**	30,425	**14,279**	11,641
Total current liabilities		**512,160**	480,547	**37,564**	31,170
NON-CURRENT LIABILITIES					
Interest bearing liabilities	21	**2,496,133**	2,335,498	**-**	-
Derivative liabilities	16	**121,251**	90,448	**-**	-
Deferred tax liabilities	18(A)	**148,931**	89,564	**7,643**	3,943
Provisions	22	**45,398**	41,087	**703**	1,939
Other non-current liabilities		**3,894**	2,404	**-**	-
Total non-current liabilities		**2,815,607**	2,559,001	**8,346**	5,882
Total liabilities		**3,327,767**	3,039,548	**45,910**	37,052
NET ASSETS		**4,965,334**	4,960,994	**4,816,809**	4,919,228
EQUITY					
Contributed equity	23	**4,318,409**	4,184,325	**4,324,524**	4,190,440
Reserves	24	**(186,063)**	15,583	**1,750**	(1,943)
Retained profits	25	**821,987**	748,164	**490,535**	730,731
Total parent entity interest		**4,954,333**	4,948,072	**4,816,809**	4,919,228
Minority interest	26	**11,001**	12,922	**-**	-
TOTAL EQUITY		**4,965,334**	4,960,994	**4,816,809**	4,919,228

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

Consolidated Statements of Recognised Income and Expense

Fairfax Media Limited and Controlled Entities for the period ended 29 June, 2008

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Amounts recognised directly in equity				
Cashflow hedge reserve, net of tax	**22,046**	(5,425)	**-**	-
Net investment hedge reserve, net of tax	**24,281**	(20,225)	**-**	-
Foreign currency translation reserve, net of tax	**(250,865)**	178,271	**-**	-
Changes in fair value of available for sale assets, net of tax	**(801)**	667	**-**	-
Actuarial (loss)/gain on defined benefit plans, net of tax	**(4,315)**	1,459	**-**	-
Share of asset revaluation of joint venture, net of tax	**-**	887	**-**	-
Minority interest transfer	**-**	619	**-**	-
Tax benefits recognised directly in equity	**8,427**	-	**-**	-
Reclassification of tax benefits to equity	**7,833**	-	**-**	-
Net (expense)/income recognised directly in equity	**(193,394)**	156,253	**-**	-
Net profit from continuing operations after income tax expense	**387,490**	261,621	**59,186**	721,585
Total recognised income and expense for the financial period	**194,096**	417,874	**59,186**	721,585
Total recognised income and expense attributable to minority interest	**(612)**	1,889	**-**	-
Total recognised income and expense attributable to members of the Company	**193,484**	419,763	**59,186**	721,585

The above Statements of Recognised Income and Expense should be read in conjunction with the accompanying Notes.

Consolidated Cash Flow Statements

Fairfax Media Limited and Controlled Entities for the period ended 29 June, 2008

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**3,192,965**	2,325,834	**673**	838
Payments to suppliers and employees (inclusive of GST)		**(2,461,573)**	(1,782,749)	**(76,173)**	(86,627)
Interest received		**25,177**	5,100	**26,509**	26,758
Dividends and distributions received		**8,837**	1,957	**100,000**	775,000
Finance costs paid		**(209,511)**	(96,132)	**(6)**	(2,280)
Net income taxes paid		**(136,219)**	(89,130)	**(26,636)**	(7,041)
Net cash inflow from operating activities	37(A)	**419,676**	364,880	**24,367**	706,648
Cash flows from investing activities					
Payment for purchase of controlled entities, associates and joint ventures (net of cash acquired)		**(586,735)**	(574,247)	**(1,389)**	(427,233)
Payment for purchase of businesses, including mastheads		**(8,189)**	(7,579)	**-**	-
Payment for property, plant and equipment, software and mastheads		**(115,403)**	(88,746)	**(7,031)**	(4,708)
Proceeds from sale of property, plant and equipment		**5,181**	64,589	**-**	-
Payment for available for sale investments		**-**	(1,125)	**-**	-
Proceeds from sale of investments and other assets		**6,481**	23,516	**-**	-
Loans advanced to controlled entities		**-**	-	**-**	(123,915)
Loans repaid by controlled entities		**-**	-	**150,085**	-
Net cash (outflow)/inflow from investing activities		**(698,665)**	(583,592)	**141,665**	(555,856)
Cash flows from financing activities					
Proceeds from issue of shares		**91,808**	-	**91,808**	-
Payment for shares acquired by employee share trust		**(14,621)**	-	**(14,621)**	-
Proceeds from borrowings and other financial liabilities		**352,763**	1,256,911	**-**	-
Repayment of borrowings and other financial liabilities		**(150,149)**	(547,487)	**-**	-
Transaction costs - debt securities		**-**	(358)	**-**	(358)
Dividends paid to shareholders including SPS*		**(268,844)**	(176,332)	**(243,226)**	(150,701)
Net cash inflow/(outflow) from financing activities		**10,957**	532,734	**(166,039)**	(151,059)
Net (decrease)/increase in cash and cash equivalents held		**(268,032)**	314,022	**(7)**	(267)
Cash and cash equivalents at beginning of the year		**366,307**	52,748	**687**	954
Effect of exchange rate changes on cash and cash equivalents		**(4,411)**	(463)	**-**	-
Cash and cash equivalents at end of the financial year	37(B)	**93,864**	366,307	**680**	687

* Under the terms of the DRP, $56.2 million (2007: $67.7 million) of dividends were paid via the issue of 12,820,970 ordinary shares (2007: 16,414,299 ordinary shares). A cash dividend payment of $243.2 million (2007: $150.7 million) was made to ordinary shareholders that did not elect to participate in the DRP.
Total cash dividends for the year totalled $268.8 million (2007: $176.3 million); this includes $25.6 million (2007: $25.6 million) made to stapled preference shareholders (SPS).

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

1. Summary of significant accounting policies

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

The financial report is for the period 2 July 2007 to 29 June 2008 (2007: the period 1 July 2006 to 1 July 2007). Reference in this report to 'a year' is to the period ended 29 June 2008 or 1 July 2007 respectively, unless otherwise stated.

(A) BASIS OF PREPARATION

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

Historical cost convention

These financial statements have been prepared on a going concern basis and on the basis of historical cost principles except for derivative financial instruments and certain financial assets which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Comparatives

Certain comparative amounts have been reclassified to be consistent with current year presentation.

(B) PRINCIPLES OF CONSOLIDATION

(i) Controlled entities

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

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

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

Minority interest in the earnings and equity of controlled entities is shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates and joint ventures

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

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

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

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

(C) ACCOUNTING FOR ACQUISITIONS

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

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

(D) IMPAIRMENT OF ASSETS

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

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

(E) INTANGIBLES

(i) Goodwill

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

(ii) Other intangible assets

Mastheads and tradenames

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

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

Radio licences

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

Web-Sites

Internal and external costs directly incurred in the development of web-sites are capitalised and amortised using a straight-line method over the assessed useful lives of the web-sites. Capitalised web-site costs are reviewed annually for potential impairment.

Computer software

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

Other

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

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

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

(F) FOREIGN CURRENCY

(i) Currency of presentation

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

(ii) Transactions and balances

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

Translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Translation differences on non-monetary items, such as available for sale financial assets, are translated using the exchange rates at the date when the fair value was determined and included in the asset revaluation reserve in equity.

(iii) Group entities

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

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

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

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

(G) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured. Advertising and circulation revenue from the sale of newspapers, magazines and other publications is recognised on publication net of expected returns and pricing adjustments. Revenue from 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 distributions from controlled entities are recognised by the Company when they are declared by the controlled entities.

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

Revenue from the contribution of services and materials during the production of television programs and the licensing of copyright is recognised when the program is available for delivery, the contract is fully executed and the collectability is reasonably assured. Revenue from the provision of production services is recognised in accordance with the agreement for the project and is brought to account on a stage-of-completion basis. Revenue from royalties due from the ownership of a program copyright is recognised on an accrual basis in accordance with the agreement and is only brought to account where the amount of the royalty can be reliably estimated and collection is reasonably assured.

(H) INCOME TAX AND OTHER TAXES

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

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

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 cost of acquisition of the asset or as part of the expense item as applicable; and

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

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

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

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

Tax consolidation - Australia

Fairfax Media Limited (the head entity) and its wholly-owned Australian entities have implemented the tax consolidation legislation as of 1 July 2003. Each member in the tax consolidated group continues to account for their own current and deferred tax amounts as if they continued to be a modified stand alone taxpayer in its own right.

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

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

(I) LEASES

(i) Finance leases

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

(ii) Operating leases

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

(J) CASH AND CASH EQUIVALENTS

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

(K) TRADE AND OTHER RECEIVABLES

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

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

(L) INVENTORIES

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

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

A provision for diminution in value of inventories exists to cover the estimated decline in value from the effects of storage hazards.

Program copyright

Expenditure incurred in relation to film and television program copyright is capitalised and allocated against future licensing revenue. Licensing revenue forecasts are reviewed when events or changes in circumstances indicate that forecasts are unachievable, and the remaining capitalised balance is written down to net realisable value. Costs of developing new program concepts are expensed if the program does not proceed.

(M) AVAILABLE-FOR-SALE INVESTMENTS

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

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS

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

The consolidated entity classifies and measures its investments as follows:

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

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

(ii) Loans and receivables

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

(iii) Other financial assets

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

(iv) Held-to-maturity investments

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

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

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

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

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

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

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the income statement such that it is fully amortised by maturity.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

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

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

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

(O) OTHER ASSETS

Film investments
Costs associated with acquiring film investments are capitalised and allocated against future licensing revenue. Licensing revenue forecasts are reviewed regularly and when lower than the capitalised balance the remaining amount is written down to its recoverable amount. Classification of film investments between current and non current is based on when the amounts will be allocated.

Distribution advances and costs

Advances and costs incurred for television program distribution rights are capitalised and allocated against future licensing revenue. An allowance for unrecoupable advances and costs is recorded where the amount is not expected to be fully recoverable out of future licensing revenue. Classification of distribution advances and costs between current and non current is based on when the amounts will be allocated.

(P) PROPERTY, PLANT AND EQUIPMENT

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

Recoverable amount

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

Depreciation and amortisation

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

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

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

(Q) TRADE AND OTHER PAYABLES

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

(R) PROVISIONS

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

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

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

(S) INTEREST-BEARING LIABILITIES

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

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

Borrowing costs

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

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

(T) EMPLOYEE BENEFITS

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

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

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

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

(ii) Share-based payment transactions

Share based compensation benefits can be provided to employees in the form of shares and/or options. No options have been issued by the Company since the 2001 financial year.

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

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

The market value of shares issued to employees for no cash consideration under the Long Term Incentive Share Plan is recognised as an employee benefits expense over the vesting period (refer to Note 33).

Shares purchased, but which have not yet vested to the employee as at reporting date are offest against contributed equity of the Group (see note 1U).

(iii) Defined benefit superannuation plans

Fairfax Media Limited and certain controlled entities participate in a number of superannuation plans.

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

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

(iv) Termination benefits

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

(v) Bonus plans

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

(U) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Stapled preference shares are classified as equity (refer Note 23(C)).

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

If the Group reacquired its own equity instruments, eg. under the Long Term Incentive Plan, those instruments are deducted from equity.

Debentures

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

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

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

(V) EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

(W) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Geographical segments are the consolidated entity's primary reporting format.

(X) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Group tests annually whether goodwill and intangible assets with indefinite useful lives are impaired. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are detailed in Note 14.

(ii) Income taxes

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

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 33.

The Group measures the cost of share-based payments at fair value at the grant date using the Monte Carlo formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 33.

(iv) Defined benefit plans

Various actuarial assumptions are required when determining the Group's superannuation plan obligations. These assumptions and the related carrying amounts are discussed in Note 17.

(v) Held-to-maturity investments

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

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

(Y) ROUNDING OF AMOUNTS

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

(Z) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 29 June 2008 reporting periods. The Group and the Company's assessment of the impact of these new standards and interpretations is set out below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Unless the Group enters into service concession arrangements or public-private-partnerships (PPP), the amendments are not expected to have any impact on the Group's financial report.	30 June 2008
AASB Int 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	30 June 2008
AASB Int 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	30 June 2008
AASB Int 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	30 June 2008
AASB Int 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group has a defined benefit pension plan and as such this interpretation may have an impact on the Group's financial report. However, the Group has not yet determined the extent of the impact, if any.	30 June 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	29 June 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	29 June 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	29 June 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any	29 June 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	29 June 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	29 June 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	29 June 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above	29 June 2009
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	29 June 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	29 June 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	29 June 2009

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

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
2. Revenues				
(A) REVENUE FROM OPERATIONS				
Revenue generated from sales of:				
Newspapers and magazines	**2,276,638**	1,846,767	**-**	-
Online and other	**503,222**	221,943	**1,445**	1,463
Total sales revenue	**2,779,860**	2,068,710	**1,445**	1,463
Revenue from printing and other services	**120,895**	41,955	**-**	-
Dividend/distribution revenue				
Wholly owned controlled entities	**-**	-	**100,000**	775,000
Other corporations	**128**	720	**-**	-
Total revenue from continuing operations	**2,900,883**	2,111,385	**101,445**	776,463
(B) OTHER REVENUE AND INCOME				
Interest income				
Wholly owned controlled entities	**-**	-	**26,368**	26,557
Other corporations	**25,044**	5,760	**141**	201
Net gain on sale of property, plant and equipment	**2,430**	41,859	**-**	-
Net gain on sale of investments	**-**	13,227	**-**	-
Net gain on foreign exchange	**2,933**	113	**-**	-
Other	**2,717**	6,196	**-**	-
Total other revenue and income	**33,124**	67,155	**26,509**	26,758
Total revenue and income	**2,934,007**	2,178,540	**127,954**	803,221

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
3. Expenses				
(A) EXPENSES BY NATURE				
Staff costs excluding staff redundancy costs	**951,943**	696,852	**35,654**	40,138
Newsprint and paper	**311,807**	269,057	**-**	-
Distribution and other production costs	**313,006**	235,522	**2**	9
Promotion and advertising costs	**108,572**	88,141	**343**	69
Staff redundancy costs	**11,423**	12,862	**7,446**	832
Rent and outgoings	**62,434**	78,076	**17,890**	23,050
Repairs and maintenance	**32,426**	24,417	**6,769**	4,963
Communication costs	**24,056**	17,418	**931**	2,305
News services	**16,522**	12,398	**31**	40
Computer costs	**19,917**	15,135	**5,884**	5,997
Fringe benefits tax, travel and entertainment	**34,886**	23,534	**2,263**	2,105
Royalties and copyright payments	**44,985**	4,341	**10**	-
Other	**167,378**	137,281	**8,780**	7,105
Total expenses before depreciation, amortisation, asset impairment and finance costs	**2,099,355**	1,615,034	**86,003**	86,613
(B) DEPRECIATION, AMORTISATION AND ASSET IMPAIRMENT				
Depreciation of freehold property	**4,860**	3,574	**-**	-
Depreciation of plant and equipment	**79,834**	68,594	**7,183**	4,779
Amortisation of leasehold property/buildings	**2,303**	1,504	**41**	144
Amortisation of software	**19,385**	19,447	**2,290**	7,712
Amortisation of customer relationships	**1,913**	892	**-**	-
Impairment of depreciable assets	**-**	17,270	**-**	-
Total depreciation, amortisation and asset impairment	**108,295**	111,281	**9,514**	12,635
(C) FINANCE COSTS				
Finance costs				
External corporations/persons*	**207,124**	112,127	**5**	2,743
Finance lease	**4,795**	4,837	**-**	-
Total finance costs	**211,919**	116,964	**5**	2,743
(D) DETAILED EXPENSE DISCLOSURES				
Costs of sales	**869,649**	764,415	**-**	-
Operating lease rental expense	**43,583**	30,023	**16,858**	22,567
Lease surrender fee and additional rent costs - Darling Park head office	**-**	37,188	**-**	-
Defined contribution fund expense	**56,789**	41,685	**3,196**	3,794
Share based payments expense	**4,429**	822	**4,429**	822

* Finance costs paid to external persons at 1 July 2007 included $1.8m of PRESSES costs. PRESSES converted on 27 July 2006.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
4. Significant items				
The profit after tax from continuing operations includes the following whose disclosure is relevant in explaining the financial performance of the consolidated entity.				
Property - Comprising:				
Profit on sale of Spencer Street property *	-	41,929	-	-
Property costs associated with the relocation from Darling Park to the new facility at One Darling Island, Pyrmont **	**(2,398)**	(41,283)	-	(2,377)
Income tax benefit	**719**	12,184	-	713
Property (loss)/gain, net of tax	**(1,679)**	12,830	-	(1,664)
Investments and Impairments - Comprising:				
Profit on sale of investment in Carsales.com.au Limited ***	-	13,227	-	-
Impairment of investments and assets held for sale	-	(8,538)	-	(3,046)
Impairment of mastheads	-	(6,666)	-	-
Outside equity interest share of masthead impairment	-	3,000	-	-
Income tax benefit	-	519	-	-
Investment gains and impairment of intangibles and investments, net of tax	-	1,542	-	(3,046)
Fixed asset impairment and restructuring - Comprising:				
Impairment of plant, equipment and software	**778**	(17,270)	-	(553)
Restructuring and redundancy charges	**(10,419)**	(9,344)	-	-
Income tax benefit	**2,893**	7,982	-	166
Fixed asset impairment and restructuring, net of tax	**(6,748)**	(18,632)	-	(387)
Net significant and non-recurring items after income tax expense	**(8,427)**	(4,260)	-	(5,097)

* The consolidated entity utilised existing capital losses and as such no income tax was payable on the disposal of the Spencer Street property

** Other property costs includes the lease surrender fee, real estate consultant fees, write-off of assets and fixtures that could not be relocated from the Darling Park offices to the new office location

*** The consolidated entity utilised existing capital losses and as such no income tax was payable on the disposal of the investment in Carsales.com.au Limited

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
5. Income tax expense				
Income tax expense is reconciled to prima facie income tax payable as follows:				
Net profit before income tax expense	**523,173**	338,222	**32,432**	701,230
Prima facie income tax at 30% (2007: 30%)	**156,952**	101,467	**9,730**	210,369
Tax effect of differences:				
Share of net profits of associates and joint ventures	**(1,476)**	(638)	**-**	-
Capital gains not taxable	**(6,017)**	(17,597)	**-**	-
Non assessable dividends	**(74)**	(590)	**(30,000)**	(232,500)
Over provision in prior financial years	**(2,633)**	(30)	**(2,396)**	(338)
Overseas tax rate and accounting differentials	**(13,876)**	(8,646)	**-**	669
Non-deductible items	**2,555**	1,679	**1,519**	272
Intragroup provision transfers	**-**	-	**(5,607)**	-
Other	**252**	956	**-**	1,173
Income tax expense/(benefit)	**135,683**	76,601	**(26,754)**	(20,355)
Current income tax expense/(benefit)	**156,532**	89,503	**(20,548)**	(18,060)
Deferred income tax (benefit)/expense	**(18,216)**	(12,872)	**(3,810)**	(1,957)
Over provision in prior financial years	**(2,633)**	(30)	**(2,396)**	(338)
Income tax expense/(benefit) in the income statement	**135,683**	76,601	**(26,754)**	(20,355)

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
6. Dividends paid and proposed and finance costs				
(A) ORDINARY SHARES				
Interim 2008 75% franked dividend: 10 cents - paid 31 March 2008				
(2007: fully franked 10 cents - paid 21 March 2007)	**151,418**	102,255	**151,418**	102,255
Final 2007 fully franked dividend: 10 cents - paid 27 September 2007				
(2006: 11.5 cents - paid 6 October 2006)	**147,964**	116,182	**147,964**	116,182
Total dividends paid - ordinary shares	**299,382**	218,437	**299,382**	218,437
(B) PREFERRED RESET SECURITIES EXCHANGEABLE FOR SHARES (PRESSES)				
Fully franked PRESSES dividend:				
2008: $nil*	**-**	-	**-**	-
2007: $0.8921 per share - paid 4 August 2006	**-**	2,230	**-**	2,230
Total finance costs paid - PRESSES	**-**	2,230	**-**	2,230
(C) STAPLED PREFERENCE SHARES (SPS)				
SPS dividend:				
2008: $4.3341 per share - paid 30 April 2008	**13,262**	-	**-**	-
2008: $4.0404 per share - paid 31 October 2007	**12,356**	-	**-**	-
2007: $4.0040 per share - paid 30 April 2007	**-**	12,515	**-**	-
2007: $4.3721 per share - paid 31 October 2006	**-**	13,116	**-**	-
Total dividends paid - SPS	**25,618**	25,631	**-**	-
Total dividends and PRESSES finance costs paid	**325,000**	246,298	**299,382**	220,667

* PRESSES were redeemed on 27 July 2006 and converted into fully paid ordinary shares.

(D) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since balance date the directors have declared a final dividend of 10 cents per fully paid ordinary share 75% franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid on 2 October 2008 out of the retained profits at 29 June 2008, but not recognised as a liability at the end of the year is expected to be $151.4 million.

	Company 2008 $'000	Company 2007 $'000
(E) FRANKED DIVIDENDS		
Franking account balance as at balance date at 30% (2007: 30%)	**10,030**	25,504
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial year	**7,927**	10,756
Total franking credits available for subsequent financial years based on a tax rate of 30%	**17,957**	36,260

On a tax-paid basis, the Company's franking account balance is approximately $10.0 million (2007: $25.5 million). The impact on the franking account of the dividend declared by the directors since balance date, will be a reduction in the franking account of approximately $48.6 million. The Company expects to have sufficient franking account credits arising from payment of income tax payable.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
7. Receivables				
Current				
Trade debtors *	**439,427**	372,585	**-**	770
Provision for doubtful debts	**(9,515)**	(5,711)	**-**	-
	429,912	366,874	**-**	770
Loans to related parties **	**-**	-	**1,273,644**	1,354,703
Loans and deposits	**274**	98	**-**	75
Prepayments	**16,771**	16,204	**2,624**	4,344
Other	**52,169**	25,741	**843**	777
Total current receivables	**499,126**	408,917	**1,277,111**	1,360,669
Non-current				
Loans to related parties ***	**-**	-	**398,566**	398,566
Loans and deposits	**1,102**	1,171	**-**	-
Prepayments	**2,008**	25	**2,008**	25
Other	**573**	127	**548**	114
Total non-current receivables	**3,683**	1,323	**401,122**	398,705

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

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

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

(A) IMPAIRED TRADE DEBTORS

As at 29 June 2008, trade debtors of the Group with a nominal value of $9.5million (2007: $5.7m) were impaired and fully provided for. Refer to Note 38(C) for the factors considered in determining whether trade debtors are impaired.

There were no impaired trade debtors for the Company in 2008 or 2007.

As at 29 June 2008, an analysis of trade debtors that are not considered as impaired is as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Company 2008 $'000	Company 2007 $'000
Not past due	**239,371**	206,637	**-**	770
Past due 0 - 30 days	**148,590**	134,794	**-**	**-**
Past due 31 - 60 days	**21,151**	14,758	**-**	**-**
Past 60 days	**20,800**	10,685	**-**	**-**
	429,912	366,874	**-**	**770**

The past 60 day ageing category was impacted by the inclusion of the Southern Cross Broadcasting group which was acquired during the 2008 year.

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

Movements in the provision for doubtful debts are as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000
Balance at the beginning of the financial year	**5,711**	3,572
Additional provisions	**4,081**	2,126
Acquisition of controlled entities	**2,469**	2,476
Utilised	**(2,566)**	(2,589)
Exchange differences	**(180)**	126
Balance at the end of the financial year	**9,515**	**5,711**

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000

8. Inventories

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Raw materials and stores - at cost	**39,353**	44,613	**-**	-
Provision for diminution in value	**(128)**	-	**-**	-
Total raw materials and stores	**39,225**	44,613	**-**	-
Finished goods - at cost	**3,852**	3,426	**-**	-
Work in progress - at cost	**1,565**	488	**-**	-
Program copyright in production costs	**159**	-	**-**	-
Total inventories	**44,801**	48,527	**-**	-

9. Assets held for sale

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Mastheads*	**-**	500	**-**	-
Property**	**2,222**	-	**-**	-
Total assets held for sale	**2,222**	500	**-**	-

* On 9 May 2007 the Company acquired Rural Press Limited. In order to address specific concerns of the Australian Competition and Consumer Commission (ACCC) arising from this acquisition the Group gave an undertaking to divest two community newspapers, The Newcastle and Lake Macquarie Post and The Hunter Post. These mastheads were classified as held for sale at 1 July 2007. The newspapers were subsequently sold on 1 December 2007.

** A decision was taken prior to 29 June 2008 to sell two buildings owned by Fairfax Media (UK) Limited, a wholly owned subsidiary of Fairfax Media Limited. A further property owned by the Group in Nowra, NSW is also due to be sold. These properties are being actively marketed, with a sale expected within six months.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
10. Other assets				
Current				
Distribution advances and costs	**5,903**	-	**-**	-
Film investments	**12,449**	-	**-**	-
Provision for impairment of film investments	**(6,742)**	-	**-**	-
	5,707	-	**-**	-
Total other current assets	**11,610**	-	**-**	-
Non-current				
Distribution advances and costs	**29,847**	-	**-**	-
Provision for impairment of distribution advances and costs	**(20,957)**	-	**-**	-
Total other non-current assets	**8,890**	-	**-**	-

	Note				
11. Investments accounted for using the equity method					
Shares in associates	(A)(i)	**14,764**	13,545	**-**	-
Shares in joint ventures	(B)(i)	**30,926**	20,933	**-**	-
Total investments accounted for using the equity method		**45,690**	34,478	**-**	-

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 29 June 2008	Ownership interest 1 July 2007
Autobase Limited	E-commerce: online vehicle dealer automotive website	New Zealand	25.4%	25.4%
Australian Associated Press Pty Ltd	News agency business and information service	Australia	47.0%	47.0%
Executive Publishing Network Pty Ltd*	Magazine Publishing	Australia	30.0%	30.0%
Guardian Print Limited	Printing facility	New Zealand	25.0%	25.0%
Homebush Transmitters Pty Ltd**	Rental of a transmission facility	Australia	50.0%	-
Newspaper House Limited	Property ownership	New Zealand	45.5%	45.5%
New Zealand Press Association Ltd	News agency business and financial information service	New Zealand	49.2%	49.2%
NGA.net Pty Ltd	Provider of e-recruitment software to corporations	Australia	30.0%	30.0%
Perth FM Facilities Pty Ltd**	Rental of a transmission facility	Australia	33.3%	-
Times Newspapers Limited	Newspaper Publishing	New Zealand	49.9%	49.9%

* The value of the investment in Executive Publishing Network Pty Ltd was written off at June 2007 following advice that a Board resolution had been passed to place the company into liquidation.

** Investments in associates acquired as part of the Southern Cross Broadcasting acquisition on 9 November 2007.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000
(i) Carrying amount of investment in associates		
Balance at the beginning of the financial year	**13,545**	15,553
Investments in associates acquired during the financial year	**100**	796
Adjustment for foreign exchange revaluation	**(868)**	203
Share of associates' net profit after income tax expense	**2,427**	333
Dividends received/receivable from associates	**(340)**	(294)
Investments in associates disposed during the financial year	**(100)**	-
Impairment of investment in associate *	**-**	(3,046)
Balance at end of the financial year	**14,764**	13,545
(ii) Share of associates' profits		
Profit before income tax expense	**2,607**	744
Income tax expense	**(180)**	(411)
Net profit after income tax expense	**2,427**	333
(iii) Share of associates' assets and liabilities		
Current assets	**10,434**	10,355
Non-current assets	**21,436**	21,393
Total assets	**31,870**	31,748
Current liabilities	**5,739**	5,652
Non-current liabilities	**3,104**	3,231
Total liabilities	**8,843**	8,883

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 29 June 2008	Ownership interest 1 July 2007
Advantate Pty Ltd***	E-commerce: Online Marketing	Australia	50.0%	-
Columbia Press Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Endemol Southern Star (NZ) Pty Ltd**	Television program production	New Zealand	49.0%	-
Endemol Southern Star Pty Ltd**	Television program production	Australia	49.0%	-
Gilgandra Newspapers Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Gippsland Regional Partnership	Newspaper publishing and printing	Australia	50.0%	50.0%
Hi-5 Operations Pty Ltd****	Television program production	Australia	50.0%	-
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%

** Investments in joint ventures acquired as part of the Southern Cross Broadcasting acquisition on 9 November 2007.

*** Investment in joint venture acquired on 14 May 2008.

**** Investment in joint venture acquired on 11 March 2008.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000
(i) Carrying amount of investment in joint ventures		
Balance at the beginning of the financial year	**20,933**	2,780
Share of joint venture's net profit after income tax expense	**6,308**	2,628
Interests in joint venture acquired during the year	**12,053**	16,000
Dividends received/receivable from joint venture	**(8,368)**	(1,362)
Share of increment in joint ventures' reserves	**-**	887
Balance at end of the financial year	**30,926**	20,933
(ii) Share of joint ventures' profits		
Revenues	**31,999**	40,097
Expenses	**(23,991)**	(36,259)
Profit before income tax expense	**8,008**	3,838
Income tax expense	**(1,700)**	(1,210)
Net profit after income tax expense	**6,308**	2,628
(iii) Share of joint ventures' assets and liabilities		
Current assets	**17,636**	3,034
Non-current assets	**10,840**	6,162
Total assets	**28,476**	9,196
Current liabilities	**9,559**	1,188
Non-current liabilities	**1,154**	563
Total liabilities	**10,713**	1,751
(C) SHARE OF NET PROFITS OF ASSOCIATES AND JOINT VENTURES		
Profit before income tax expense	**10,615**	4,582
Income tax expense	**(1,880)**	(1,621)
Net profit after income tax expense	**8,735**	2,961

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
12. Available for sale investments				
Listed equity securities - at fair value	**3,547**	2,431	**-**	-
Total available for sale investments	**3,547**	2,431	**-**	-

Available for sale investments consist of investments in ordinary shares and have no fixed maturity date. During the financial year, an impairment charge of $1.4 million was recognised in the income statement in respect of one of these investments due to a significant decline in the share price of the investment during the financial year.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
13. Held to maturity investments				
Bonds	**14,686**	16,014	**-**	-
Total held to maturity investments	**14,686**	16,014	**-**	-

The annuity bonds issued by Paperbonds Limited, which were acquired on 8 March 2006 and are to be held to maturity in September 2015, have a face value of $20.0 million. They are indexed to the consumer price index (CPI) and have an effective interest rate for the period ended 29 June 2008 of 5.64% (2007: 5.64%).

14. Intangible assets

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Mastheads and tradenames	**3,715,455**	3,788,983	**-**	-
Software	**62,250**	53,136	**14,044**	21,417
Customer relationships	**14,298**	16,411	**-**	-
Radio licences	**146,245**	17,000	**-**	-
Goodwill	**2,554,392**	2,255,513	**-**	-
Total intangible assets	**6,492,640**	6,131,043	**14,044**	21,417

RECONCILIATIONS

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

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
(i) Consolidated							
At 1 July 2006							
Cost		-	1,000	2,200,270	127,316	654,142	2,982,728
Accumulated amortisation and impairment		-	-	-	(83,080)	-	(83,080)
Net carrying amount		-	1,000	2,200,270	44,236	654,142	2,899,648

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
Period ended 1 July 2007							
Balance at beginning of the financial year		-	1,000	2,200,270	44,236	654,142	2,899,648
Additions		-	-	1,428	26,218	5,711	33,357
Disposals		-	-	-	(586)	-	(586)
Acquisition of business combinations		17,000	16,303	1,494,780	2,131	1,534,763	3,064,977
Impairment charge		-	-	(8,396)	(8,530)	-	(16,926)
Amortisation charge	3(B)	-	(892)	-	(19,447)	-	(20,339)
Assets classified as held for sale	9	-	-	(500)	-	-	(500)
Transfers from plant & equipment	15(i)	-	-	-	8,401	-	8,401
Exchange differences		-	-	101,401	713	60,897	163,011
At 1 July 2007, net of accumulated amortisation and impairment		17,000	16,411	3,788,983	53,136	2,255,513	6,131,043
At 1 July 2007							
Cost		17,000	17,303	3,795,649	163,421	2,255,513	6,248,886
Accumulated amortisation and impairment		-	(892)	(6,666)	(110,285)	-	(117,843)
Net carrying amount		17,000	16,411	3,788,983	53,136	2,255,513	6,131,043

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
Period ended 29 June 2008							
Balance at beginning of the financial year		17,000	16,411	3,788,983	53,136	2,255,513	6,131,043
Additions		-	-	27,035	28,864	7,937	63,836
Disposals		(6,369)	-	-	(106)	-	(6,475)
Acquisition of business combinations		135,614	(200)	39,885	1,438	372,472	549,209
Amortisation charge	3(B)	-	(1,913)	-	(19,385)	-	(21,298)
Exchange differences		-	-	(140,448)	(1,697)	(81,530)	(223,675)
At 29 June 2008, net of accumulated amortisation and impairment		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640
At 29 June 2008							
Cost		146,245	17,103	3,715,455	188,748	2,554,392	6,621,943
Accumulated amortisation and impairment		-	(2,805)	-	(126,498)	-	(129,303)
Net carrying amount		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640

(ii) Company

At 1 July 2006							
Cost		-	-	-	53,350	-	53,350
Accumulated amortisation and impairment		-	-	-	(27,529)	-	(27,529)
Net carrying amount		-	-	-	25,821	-	25,821
Period ended 1 July 2007							
Balance at beginning of the financial year		-	-	-	25,821	-	25,821
Additions		-	-	-	2,253	-	2,253
Disposal		-	-	-	(3)	-	(3)
Amortisation charge	3(B)	-	-	-	(7,712)	-	(7,712)
Transfers from plant & equipment	15(ii)	-	-	-	1,058	-	1,058
At 1 July 2007, net of accumulated amortisation and impairment		-	-	-	21,417	-	21,417
At 1 July 2007							
Cost		-	-	-	56,466	-	56,466
Accumulated amortisation and impairment		-	-	-	(35,049)	-	(35,049)
Net carrying amount		-	-	-	21,417	-	21,417
Period ended 29 June 2008							
Balance at beginning of the financial year		-	-	-	21,417	-	21,417
Additions		-	-	-	1,833	-	1,833
Disposals		-	-	-	(35)	-	(35)
Amortisation charge	3(B)	-	-	-	(2,290)	-	(2,290)
Intercompany transfers		-	-	-	(6,881)	-	(6,881)
At 29 June 2008, net of accumulated amortisation							-
and impairment		-	-	-	14,044	-	14,044
At 29 June 2008							
Cost		-	-	-	53,392	-	53,392
Accumulated amortisation and impairment		-	-	-	(39,348)	-	(39,348)
Net carrying amount		-	-	-	14,044	-	14,044

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

Goodwill is allocated to CGU groups which represent the economic entity's main operational groups within geographic segments. The recoverable amount of each CGU which includes goodwill or indefinite life intangibles has been reviewed.

The recoverable amount of each CGU is determined based on value-in-use calculations over a five year period with a terminal value as this method resulted in a higher recoverable amount than the fair value less costs to sell method. These calculations use cash flow projections based on financial budgets approved by the Directors for the 2009 financial year, after an adjustment for central overheads and synergy benefits. Cash flows beyond the 2009 period are extrapolcated using the estimated growth rates stated at (v) below. The growth rates do not exceed the long-term avarage growths rate for the businesses in which the CGU operates.

In the prior year the recoverable amount was determined based on fair value less cost to sell using a masthead multiple, based on recent market transactions, independent valuations or directors' assessment, to the CGU's resulting cashflows.

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

For the financial year ended 1 July 2007, the consolidated entity allocated goodwill and non-amortising intangibles to the following CGU Groups:

	Consolidated 1 July 2007 $'000
Allocation of goodwill to CGU Groups	
New South Wales General Publications	724,369
Victorian General Publications	307,632
Queensland, South Australia, Western Australia and Tasmania General Publications	352,630
Fairfax Business Media	14,253
Agricultural Publications	177,058
Australian Digital	67,743
New Zealand Publishing	-
New Zealand Digital	611,828
Total goodwill	2,255,513
Allocation of non-amortising intangibles to CGU Groups	
New South Wales General Publications	1,319,628
Victorian General Publications	564,805
Queensland, South Australia, Western Australia and Tasmania General Publications	332,000
Fairfax Business Media	167,050
Agricultural Publications	380,650
Australian Digital	8,450
New Zealand Publishing	1,003,624
New Zealand Digital	29,776
Total indefinite life intangibles	3,805,983
Total goodwill and indefinite life intangibles	6,061,496

For the financial year ended 29 June 2008, the consolidated entity has redefined its CGU Groups. This change has occurred primarily as a result of the acquisition of the Rural Press and Southern Cross Broadcasting entities.

The consolidated entity has allocated goodwill and non-amortising intangibles to the following CGU Groups for the year ended 29 June 2008:

	Consolidated 29 June 2008 $'000
Allocation of goodwill to CGU Groups	
New South Wales Metropolitan and Community Publications	11,795
Victorian Metropolitan and Community Publications	54,623
Regional Publications	230,338
Business Publications	16,216
Agricultural Publications	39,863
New Zealand Publications	2,824
Australian Digital	66,969
New Zealand Digital	568,299
Fairfax Radio Networks and Southern Star Group	363,230
Rural Press Printing	577,910
Australian Printing and Publishing	622,325
Total goodwill	**2,554,392**
Allocation of non-amortising intangibles to CGU Groups	
New South Wales Metropolitan and Community Publications	650,779
Victorian Metropolitan and Community Publications	436,906
Regional Publications	1,175,697
Business Publications	167,050
Agricultural Publications	371,480
New Zealand Publications	879,181
Australian Digital	8,450
New Zealand Digital	25,912
Fairfax Radio Networks and Southern Star Group	146,245
Total indefinite life intangibles	**3,861,700**
Total goodwill and indefinite life intangibles	**6,416,092**

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

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

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

- no significant increase in budgeted gross margin or growth rate from the 29 June 2008 financial year for non-digital CGUs. This is based on past performance and expected efficiency improvements.
- growth rates of between 30% to 50% for digital CGUs, 3%-12% for publication CGUs and 25% to 30% for combined digital/publication CGUs.
- the weighted average growth rates used are consistent with forecasts included in industry reports.
- the spot exchange rate prevailing at balance date is used when converting foreign cashflows on foreign mastheads. The exchange rate of 0.7926 has been applied to New Zealand mastheads for the current financial year.
- the post-tax discount rate applied to the cash flow projections was 10.5%

(vi) Impact of possible change in key assumptions

If the discount rate applied to the cash flow projections was increased to 11%, an aggregated impairment of $3.8 million would result across three CGUs. Management does not consider a reasonably possible change in any of the other key assumptions would cause the carrying amount of any of the CGU Groups to exceed its recoverable amount.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000

15. Property, plant and equipment

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Freehold land and buildings				
At cost	**266,515**	253,719	**-**	-
Provision for depreciation	**(22,228)**	(17,491)	**-**	-
Total freehold land and buildings	**244,287**	236,228	**-**	-
Leasehold buildings				
At cost	**80,897**	80,887	**256**	582
Provision for depreciation	**(18,325)**	(15,793)	**(116)**	(144)
Total leasehold buildings	**62,572**	65,094	**140**	438
Plant and equipment				
At cost	**1,163,748**	1,127,646	**37,740**	44,959
Provision for depreciation	**(679,664)**	(608,035)	**(26,268)**	(27,566)
Total plant and equipment	**484,084**	519,611	**11,472**	17,393
Capital works in progress - at cost	**84,238**	39,111	**5,227**	5,332
Total property, plant and equipment	**875,181**	860,044	**16,839**	23,163

RECONCILIATIONS

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

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
(i) Consolidated						
At 1 July 2006						
Cost		23,489	184,784	57,015	1,026,976	1,292,264
Accumulated depreciation and impairment		-	(14,220)	(13,643)	(610,144)	(638,007)
Net carrying amount		23,489	170,564	43,372	416,832	654,257
Period ended 1 July 2007						
Balance at beginning of financial year		23,489	170,564	43,372	416,832	654,257
Additions/capitalisations		14,751	306	5,508	43,237	63,802
Disposals		-	(18,532)	-	(4,590)	(23,122)
Acquisition of controlled entities		-	97,909	20,264	129,103	247,276
Impairment charge		-	-	-	(10,740)	(10,740)
Depreciation charge	3(B)	-	(3,574)	(1,504)	(68,594)	(73,672)
Transfers to software	14(i)	-	-	-	(8,401)	(8,401)
Transfers to other asset categories		-	(15,354)	(2,548)	17,902	-
Exchange differences		871	4,909	2	4,862	10,644
At 1 July 2007, net of accumulated depreciation and impairment		39,111	236,228	65,094	519,611	860,044

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
At 1 July 2007						
Cost		39,111	253,719	80,887	1,127,646	1,501,363
Accumulated depreciation and impairment		-	(17,491)	(15,793)	(608,035)	(641,319)
Net carrying amount		39,111	236,228	65,094	519,611	860,044
Period ended 29 June 2008						
Balance at beginning of financial year		39,111	236,228	65,094	519,611	860,044
Additions/capitalisations		46,624	1,683	816	37,089	86,212
Disposals		-	(6,699)	(89)	(11,035)	(17,823)
Acquisition of controlled entities		25	25,329	1,616	23,512	50,482
Depreciation charge	3(B)	-	(4,860)	(2,303)	(79,834)	(86,997)
Assets classified as held for sale	9	-	(1,096)	(1,126)	-	(2,222)
Transfers to other asset categories		-	-	(1,082)	1,082	-
Exchange differences		(1,522)	(6,298)	(354)	(6,341)	(14,515)
At 29 June 2008, net of accumulated depreciation and impairment		84,238	244,287	62,572	484,084	875,181
At 29 June 2008						
Cost		84,238	266,515	80,897	1,163,748	1,595,398
Accumulated depreciation and impairment		-	(22,228)	(18,325)	(679,664)	(720,217)
Net carrying amount		84,238	244,287	62,572	484,084	875,181
(ii) Company						
At 1 July 2006						
Cost		5,899	-	473	43,808	50,180
Accumulated depreciation and impairment		-	-	-	(23,484)	(23,484)
Net carrying amount		5,899	-	473	20,324	26,696
Period ended 1 July 2007						
Balance at beginning of financial year		5,899	-	473	20,324	26,696
Additions/capitalisations		(567)	-	109	2,913	2,455
Disposals		-	-	-	(7)	(7)
Transfers to software	14(ii)	-	-	-	(1,058)	(1,058)
Depreciation charge	3(B)	-	-	(144)	(4,779)	(4,923)
At 1 July 2007, net of accumulated depreciation and impairment		5,332	-	438	17,393	23,163
At 1 July 2007						
Cost		5,332	-	582	44,959	50,873
Accumulated depreciation and impairment		-	-	(144)	(27,566)	(27,710)
Net carrying amount		5,332	-	438	17,393	23,163

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
Period ended 29 June 2008						
Balance at beginning of financial year		5,332	-	438	17,393	23,163
Additions/capitalisations		(105)	-	-	3,217	3,112
Disposals		-	-	-	(7)	(7)
Intercompany transfers		-	-	(257)	(1,948)	(2,205)
Depreciation charge	3(B)	-	-	(41)	(7,183)	(7,224)
At 29 June 2008, net of accumulated depreciation and impairment		5,227	-	140	11,472	16,839
At 29 June 2008						
Cost		5,227	-	256	37,740	43,223
Accumulated depreciation and impairment		-	-	(116)	(26,268)	(26,384)
Net carrying amount		5,227	-	140	11,472	16,839

16. Derivative financial instruments

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Current assets				
Forward contracts - cash flow hedges	**3,519**	-	**-**	-
Forward contracts - fair value to profit and loss	**-**	8	**-**	-
Total current derivative assets	**3,519**	8	**-**	-
Non-current assets				
Interest rate swap - cash flow hedge	**20,277**	165	**-**	-
Cross currency swap - cash flow hedge	**17,583**	-	**-**	-
Cross currency swap - fair value hedge	**107**	-	**-**	-
Cross currency swap - net investment hedge	**21,437**	-	**-**	-
Forward contracts - cash flow hedges	**13**	-	**-**	-
Total non-current derivative assets	**59,417**	165	**-**	-
Current liabilities				
Share swap - fair value to profit and loss	**719**	-	**-**	-
Forward contracts - cash flow hedges	**287**	1,344	**-**	-
Total current derivative liabilities	**1,006**	1,344	**-**	-
Non-current liabilities				
Cross currency swap - fair value hedge	**92,751**	69,688	**-**	-
Cross currency swap - net investment hedge	**-**	12,538	**-**	-
Cross currency swap - cash flow hedge	**8,757**	5,175	**-**	-
Cross currency swap - fair value to profit and loss	**19,737**	3,047	**-**	-
Forward contracts - cash flow hedges	**6**	-	**-**	-
Total non-current derivative liabilities	**121,251**	90,448	**-**	-

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

(A) HEDGING ACTIVITIES

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

At 29 June 2008, the Group held interest rate swaps and cross currency swaps designated as hedges of future contracted interest payments on the EUR denominated Eurobonds. The combined swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 29 June 2008, the notional principal amounts and period of expiry of the swaps are as follows:

		Interest rate	
	Maturity date	2008	2007
Pay fixed, receive floating - AUD$550m	15 June 2012	7.60%	7.60%

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

At 29 June 2008, the Group also held cross currency swaps designated as hedges of future contracted interest payments on the USD denominated senior notes issued in July 2007. The cross currency swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 29 June 2008, the notional principal amounts and period of expiry of the swaps are as follows:

		Interest rate	
	Maturity date	2008	2007
Pay fixed, receive floating - AUD$59.5m	10 July 2017	7.52%	-
Pay fixed, receive floating - AUD$59.5m	10 July 2017	7.46%	-

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

At 29 June 2008, the hedges of both the Eurobonds and Senior Notes were assessed to be highly effective with a combined unrealised gain in fair value of $19.3 million (2007: $3.5 million loss) recognised in equity for the period. During the year amounts transferred from equity to the income statement totalled $1.3 million (2007: $0.7 million) as income.

(ii) Cash flow hedges - foreign exchange contracts

At 29 June 2008, the Group held forward exchange contracts to hedge future foreign capital purchase commitments and intragroup monetary items across the Australian and New Zealand business. The contracts are timed to mature as payments are scheduled to be made to suppliers or transacted between group entities.

In addition, the Group held forward exchange contracts to hedge future foreign currency sale agreements associated with the UK television production and distribution business. The contracts are timed to mature as the foreign cash receipts are scheduled to be received.

With the exception of six contracts, where cash flows are expected to occur beyond 12 months, all cash flows are expected to occur over the next twelve months. At 29 June 2008, the details of the outstanding contracts are:

	2008 *	2007 *	Weighted average exchange rate	
	$'000	$'000	2008	2007
Buy CHF/Sell AUD - Maturity 0 - 12 months	2,688	1,547	0.9245	0.9157
Buy USD/Sell AUD - Maturity 0 - 12 months	2,226	2,223	0.9220	0.7455
Buy EUR/Sell AUD - Maturity 0 - 12 months	2,657	-	0.6208	-
Buy EUR/Sell NZD - Maturity 0 - 12 months	5,231	3,990	0.4882	0.5049
Buy EUR/Sell NZD - Maturity 13 - 24 months	2,375	-	0.4647	-
Buy GBP/Sell NZD - Maturity 0 - 12 months	258	160	0.3532	0.3570
Buy AUD/Sell NZD - Maturity 0 -12 months	113,505	-	1.2285	-
Buy CHF/Sell NZD - Maturity 0 - 12 months	2,723	-	0.7562	-
Buy CHF/Sell NZD - Maturity 13 - 24 months	509	-	0.7216	-
Buy AUD/Sell GBP - Maturity 0 -12 months	428	-	0.4266	-

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

The foreign currency contracts are considered to be fully effective hedges as they are matched exactly against the highly probable foreign capital purchases, intragroup monetary items or agreed foreign currency receipts, with any gain or loss on the contracts taken directly to equity. When the contract is delivered, the Group will adjust the initial measurement of any component recognised on the balance sheet by the related amount deferred in equity. Where the hedge item affects net profit and loss any gain or loss deferred in equity is transferred to the income statement when the contract is delivered.

At 29 June 2008, the hedges were assessed to be highly effective with an unrealised gain of $2.76 million (2007: $1.2 million loss) recognised in equity for the period. The amount removed from equity and included in the initial measurement of capital purchases during the period to 29 June 2008 was $1.2 million, resulting in an increase to the capital asset base (2007: nil). During the current and prior financial period there was no material ineffectiveness recognised in the income statement attributable to cash flow hedges of foreign exchange contracts.

(iii) Fair value hedges

At 29 June 2008, the Group held cross currency swap agreements designated to changes in the underlying value of USD denominated senior notes (refer to Note 21). The terms of certain cross currency swap agreements exchange USD obligations into AUD obligations and other agreements exchange USD obligations into NZD obligations. The latter are also designated to hedge value changes in the Group's New Zealand controlled entities (excluding Trade Me Limited), as discussed in Note (iv) below.

At 29 June 2008, the Group also held cross currency swap agreements partly designated to changes in the underlying value of the EUR denominated Eurobond (refer to Note 21). The terms of the cross currency swap exchange EUR obligations into AUD obligations. This swap has been 98% designated to a cash flow hedge, as discussed in (i) above.

At 29 June 2008, the cross currency swap agreements had a combined value of $92.6 million (2007: $69.7 million).

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

The terms of these cross currency swaps are as follows:

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

For the Group, the remeasurement of the hedged items resulted in a gain before tax of $15.7 million (2007: $52.5m) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $15.5 million (2007: $52.6m) resulting in a net gain before tax of $269,781 (2007: $94,264 loss) recorded in finance costs.

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

At 29 June 2008, the hedges were assessed to be highly effective with an unrealised gain of $24.3 million (2007: $20.2 million loss) recognised in equity. During the current and prior financial period there was no material ineffectiveness recognised in the income statement attributable to the net investment hedges.

17. Pension asset

SUPERANNUATION PLAN

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

The superannuation arrangements in Australia 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 in New Zealand are managed by AoN Consulting New Zealand Limited in three funds - Fairfax NZ Retirement Fund, Fairfax New Zealand Superannuation Fund and Fairfax NZ Senior Executive Superannuation Scheme. All New Zealand funds are defined contribution plans with the exception of the Fairfax NZ Retirement Fund which also has a defined benefit section, this defined benefit section is closed to new members.

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

The NZ Retirement Fund includes investments in respect of members of the NZ Defined Benefit Plan and investments in respect of the NZ Defined Contribution Plan.

The following sets out details in respect of the defined benefit plans only and in the case of the Fairfax NZ Retirement Fund, excludes $56.6 million of defined contribution assets and entitlements.

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
(A) BALANCE SHEET				
The amounts recognised in the balance sheet are determined as follows:				
Present value of the defined benefit obligation	**(24,254)**	(20,048)	**-**	-
Fair value of defined benefit plan assets	**29,796**	33,429	**-**	-
Net pension asset	**5,542**	13,381	**-**	-
Unrecognised actuarial (losses)/gains	**-**	-	**-**	-
Unrecognised past service costs	**-**	-	**-**	-
Net pension asset in the balance sheet	**5,542**	13,381	**-**	-

The Group companies may at any time, by notice to the Trustees terminate its contributions. The Group companies have a liability to pay the monthly contributions due prior to the effective date of notice, but there is no current requirement for the Group companies to pay any further contributions, irrespective of the financial condition of the plans.

(B) RECONCILIATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Balance at the beginning of the financial year	**20,048**	19,424	**-**	-
Current service cost	**3,255**	1,294	**-**	-
Interest cost	**3,763**	969	**-**	-
Contributions by employees	**3,717**	2,557	**-**	-
Actuarial (gains) and losses	**(2,955)**	2,854	**-**	-
Benefits paid	**(9,097)**	(4,760)	**-**	-
Taxes, premiums and expenses paid	**(708)**	(630)	**-**	-
Exchange differences on foreign plans	**(64)**	130	**-**	-
Transfers in/(out)	**6,295**	(1,790)	**-**	-
Balance at the end of the financial year defined benefit obligations	**24,254**	20,048	**-**	-

(C) RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Balance at the beginning of the financial year	**33,429**	30,100	**-**	-
Expected return on plan assets	**5,602**	1,943	**-**	-
Actuarial (gains) and losses	**(8,958)**	4,938	**-**	-
Contributions by Group companies and employees	**3,828**	3,032	**-**	-
Benefits paid	**(9,097)**	(4,760)	**-**	-
Taxes, premiums & expenses paid	**(708)**	(630)	**-**	-
Exchange differences on foreign plans	**(595)**	596	**-**	-
Transfers in/(out)	**6,295**	(1,790)	**-**	-
Balance at the end of the financial year defined benefit assets	**29,796**	33,429	**-**	-

(D) AMOUNTS RECOGNISED IN INCOME STATEMENT

The amounts recognised in the income statement are as follows:

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Current service cost	**3,255**	1,294	**-**	-
Interest cost	**3,763**	969	**-**	-
Expected return on plan assets	**(5,602)**	(1,943)	**-**	-
Total included in employee benefits expense	**1,416**	320	**-**	-
Actual return on plan assets	**(3,274)**	6,881	**-**	-

(E) CATEGORIES OF PLAN ASSETS

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

	Consolidated 29 June 2008 %	Consolidated 1 July 2007 %	Company 29 June 2008 %	Company 1 July 2007 %
Cash	**6**	9	**-**	-
Australian equities	**20**	25	**-**	-
Overseas equities	**34**	34	**-**	-
Fixed interest securities	**24**	24	**-**	-
Property	**7**	8	**-**	-
Other	**9**	-	**-**	-

(F) PRINCIPAL ACTUARIAL ASSUMPTIONS

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

Discount rate	**5.2**	4.9	**-**	-
Expected return on plan assets	**6.5**	6.3	**-**	-
Future salary increases	**4.0**	4.0	**-**	-

The expected rate of return on assets has been determined by weighting the expected long term return for each class by the target allocation of assets to each asset class. This resulted in a 6.5% p.a. rate of return, net of tax and expenses (2007: 6.25% p.a).

(G) EMPLOYER CONTRIBUTIONS

Employer contributions to the defined benefit section of the plans are based on recommendations by the plans' actuaries. Actuarial assessments are made at three yearly intervals and the last actuarial assessment of Fairfax Super was carried out as at 1 July 2006 by Mercer Human Resource Consulting Pty Ltd. The last actuarial assessments of Fairfax NZ Retirement Fund and Fairfax NZ Senior Executive Superannuation Scheme were carried out as at 31 March 2005 by AoN Consulting New Zealand Limited and the next assessment will occur in September 2008. Fairfax New Zealand Superannuation Fund is a defined contribution fund and does not require an actuarial assessment.

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

Using the funding method described above and particular actuarial assumptions as to the plan's future experience (as detailed below), the actuary recommended in the actuarial review as at 1 July 2006 (for Australia) and 31 March 2005 (for New Zealand) that a contribution holiday be taken until the next actuarial review is performed. This recommendation was adopted by the Group from 2 July 2007 and has been carried through to the current period.

Total employer contributions expected to be paid by Group companies for the 2009 financial year are nil (parent entity: $nil).

(H) NET FINANCIAL POSITION OF PLAN

In accordance with AAS 25 Financial Reporting by Superannuation Plans the plans' net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as a surplus of $7.6million at the most recent financial position of the plans, being 1 July 2006 for Australia and 31 March 2005 for New Zealand. As such, the assets of each of the plans are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee.

The directors, based on the advice of the trustees of the plan, are not aware of any changes in circumstances since the date of the most recent financial statements of the plans (1 July 2006 for Australia and 31 March 2005 for New Zealand), which would have a material impact on the overall financial position of the defined benefit plan.

(I) HISTORIC SUMMARY

	2005 $'000	2006 $'000	2007 $'000	2008 $'000
Defined benefit plan obligation	(21,836)	(19,424)	(20,048)	**(24,254)**
Plan assets	28,652	30,100	33,429	**29,796**
Surplus	6,816	10,676	13,381	**5,542**
Experience adjustments arising on plan liabilities	(1,457)	(2,152)	(2,032)	**7,678**
Experience adjustments arising on plan assets	644	(892)	(1,038)	**(3,132)**

18. Deferred tax assets and liabilities

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	29 June 2008 $'000	1 July 2007 $'000	29 June 2008 $'000	1 July 2007 $'000	29 June 2008 $'000	1 July 2007 $'000
(i) Consolidated						
Property, plant and equipment	**19,018**	16,525	**38,220**	25,186	**(19,202)**	(8,661)
Inventories	**-**	-	**4,114**	3,875	**(4,114)**	(3,875)
Investments	**(345)**	-	**6,102**	3,310	**(6,447)**	(3,310)
Intangible assets	**5,453**	4,837	**44,300**	35,824	**(38,847)**	(30,987)
Other assets	**36,774**	36,181	**39,042**	16,196	**(2,268)**	19,985
Provisions	**50,608**	45,371	**-**	-	**50,608**	45,371
Payables	**7,986**	7,432	**-**	-	**7,986**	7,432
Other liabilities	**2,739**	1,519	**105**	216	**2,634**	1,303
Tax losses	**18**	4,656	**-**	-	**18**	4,656
Film production and distribution	**1,532**	-	**9,584**	-	**(8,052)**	-
Other	**4,778**	761	**7,464**	4,957	**(2,686)**	(4,196)
Net deferred tax assets/liabilities	**128,561**	117,282	**148,931**	89,564	**(20,370)**	27,718
(ii) Company						
Property, plant & equipment	**-**	4	**3,630**	3,943	**(3,630)**	(3,939)
Intangible assets	**5,178**	4,459	**-**	-	**5,178**	4,459
Other assets	**-**	-	**2**	-	**(2)**	-
Employee provisions	**2,426**	1,976	**-**	-	**2,426**	1,976
Accruals	**1,405**	2,232	**-**	-	**1,405**	2,232
Other	**191**	639	**4,011**	-	**(3,820)**	639
Net deferred tax assets/liabilities	**9,200**	9,310	**7,643**	3,943	**1,557**	5,367

There are no unrecognised deferred tax assets or liabilities and no unused tax losses for which no deferred tax asset has been recognised.

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

	Balance 1 July 2007	Recognised on acquisition	Recognised in income	Recognised in equity	Balance 29 June 2008
(i) Consolidated					
Property, plant and equipment	(8,661)	(13,874)	3,333	-	**(19,202)**
Inventories	(3,875)	-	(239)	-	**(4,114)**
Investments	(3,310)	(2,613)	(524)	-	**(6,447)**
Intangible assets	(30,987)	(9,751)	1,891	-	**(38,847)**
Other assets	19,985	230	(15,797)	(6,686)	**(2,268)**
Provisions	45,371	3,341	1,896	-	**50,608**
Payables	7,432	526	28	-	**7,986**
Other liabilities	1,303	117	1,214	-	**2,634**
Tax losses	4,656	-	(4,638)	-	**18**
Film production and distribution	-	(1,168)	(6,884)	-	**(8,052)**
Other	(4,196)	6	1,504	-	**(2,686)**
	27,718	(23,186)	(18,216)	(6,686)	**(20,370)**
(ii) Company					
Property, plant and equipment	(3,939)	-	309	-	**(3,630)**
Intangible assets	4,459	-	719	-	**5,178**
Other financial assets	-	-	(2)	-	**(2)**
Provisions	1,976	-	450	-	**2,426**
Payables	2,232	-	(827)	-	**1,405**
Other	639	-	(4,459)	-	**(3,820)**
	5,367	-	(3,810)	-	**1,557**

	Balance 30 June 2006	Recognised on acquisition	Recognised in income	Recognised in equity	Balance 1 July 2007
(i) Consolidated					
Property, plant and equipment	(3,616)	(6,283)	1,238	-	(8,661)
Inventories	(2,535)	(100)	(1,240)	-	(3,875)
Investments	(391)	(2,633)	-	(286)	(3,310)
Intangible assets	(25,814)	(4,891)	(282)	-	(30,987)
Other assets	(1,157)	(459)	19,392	2,209	19,985
Provisions	29,157	9,040	7,174	-	45,371
Payables	3,568	2,015	1,849	-	7,432
Other liabilities	403	(10)	910	-	1,303
Tax losses	-	-	4,656	-	4,656
Other	(2,996)	8	(443)	(765)	(4,196)
	(3,381)	(3,313)	33,254	1,158	27,718
(ii) Company					
Property, plant and equipment	(2,729)	-	(1,210)	-	(3,939)
Intangible assets	3,692	-	767	-	4,459
Other financial assets	(202)	-	202	-	-
Provisions	1,911	-	65	-	1,976
Payables	550	-	1,682	-	2,232
Other	490	-	914	(765)	639
	3,712	-	2,420	(765)	5,367

		Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
19. Other financial assets					
Shares in controlled entities - at cost		**-**	-	**3,143,723**	3,142,329
Shares in unlisted entities		**122**	122	**-**	-
Total other financial assets		**122**	122	**3,143,723**	3,142,329

20. Payables

Trade and other payables *		**226,917**	209,489	**15,900**	14,640
Interest payable		**26,403**	24,436	**-**	-
Income in advance		**76,725**	55,594	**-**	-
Total current payables		**330,045**	289,519	**15,900**	14,640

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

21. Interest bearing liabilities

Current - unsecured					
Bank borrowings		**3,957**	2,060	**-**	-
Other loans	(C)	**8,665**	7,297	**-**	-
Current - secured					
Finance lease liability	(C)	**3,194**	2,880	**-**	-
Total current interest bearing liabilities		**15,816**	12,237	**-**	-
Non-current - unsecured					
Bank borrowings	(A)	**973,109**	1,058,435	**-**	-
Redeemable Preference Shares	(D)	**146,401**	166,282	**-**	-
Other loans					
Senior notes	(B)	**519,676**	257,434	**-**	-
Medium term notes	(E)	**199,682**	199,589	**-**	-
Eurobonds	(F)	**570,249**	554,976	**-**	-
Other	(C)	**61,680**	70,345	**-**	-
Non-current - secured					
Finance lease liability	(C)	**25,336**	28,437	**-**	-
Total non-current interest bearing liabilities		**2,496,133**	2,335,498	**-**	-

(A) BANK BORROWINGS

Non-current

A $1,200 million syndicated bank facility is available to the Group until periods ranging from April 2010 to April 2012. At 29 June 2008, $850 million was drawn down (2007: $850 million). The interest rate for the drawings under this facility is the applicable bank bill rate plus a credit margin.

A $200 million revolving committed cash advance facility is available to the group until September 2010. At 29 June 2008, $125 million was drawn down (2007: $200 million). The interest rate for this facility is the applicable bank bill rate plus a credit margin.

(B) SENIOR NOTES

The Group issued Senior Notes in the US private placement market with a principal value of US$230 million (A$246.5 million) in January 2004 with a fixed coupon of between 4.74% p.a. and 5.85% p.a payable semi-annually in arrears. The interest and principal on the Senior Notes are payable in US dollars and were swapped into floating rate New Zealand dollars and floating rate Australian dollars via a cross currency swap. This issue of Senior Notes comprises maturities ranging from January 2011 to January 2019. The weighted average maturity of the issue is approximately six and a half years. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

The Group issued further Senior Notes in the US private placement market with a principle value of US$250 million (A$273.2 million) in July 2007 comprising maturities ranging from July 2014 to July 2017. The weighted average maturity of this issue is approximately 7.2 years. The issued notes include fixed rate coupon notes, paying a weighted average coupon of 6.4% p.a. semi annually in arrears,and floating rate coupon notes. The interest and principle on the Senior Notes are payable in US dollars and were swapped into fixed and floating rate Australian dollars via cross currency swaps.

(C) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a maturity date of September 2015. There is a CPI indexed annuity loan with principal and interest outstanding of $45.5 million (2007: $49.0 million) and a finance lease of $28.5 million (2007: $31.3 million), which was entered into in February 1996. There is also principal and interest outstanding of $24.9 million (2007: $28.5 million) in the form of a fixed rate loan with an established drawdown and repayment schedule.

(D) REDEEMABLE PREFERENCE SHARES (RPS)

The Group issued Redeemable Preference Shares in New Zealand in May 2005 with a principal value of NZ$186.5 million (A$146.4 million) currently paying a fixed one year coupon of 9.31% p.a. payable quarterly in arrears and thereafter set at 1% over the applicable one year swap rate. The Redeemable Preference Shares mature in June 2010. The interest and principal on the Redeemable Preference Shares are payable in New Zealand dollars and were swapped into fixed rate Australian dollars via a cross-currency swap. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

(E) MEDIUM TERM NOTES (MTNs)

On 27 June 2006, the Group issued $200 million of MTNs with a maturity date of 27 June 2011. The MTNs were issued at a fixed coupon of 6.865% p.a.

(F) EUROBONDS

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

(G) FINANCING ARRANGEMENTS

A NZ$50 million revolving committed cash advance facility is available to the Group until June 2010. At 29 June 2008 this facility was not drawn down (2007: nil).

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

The Group's financing facilities outlined in Note 21 are guaranteed by Fairfax Media Limited and are covered by Deeds of negative pledge (refer note 30).

22. Provisions

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Current				
Employee benefits	**113,793**	102,068	**6,990**	4,649
Defamation	**2,228**	1,311	**-**	-
Property	**1,603**	37,888	**-**	-
Consideration payable under earn out arrangement	**37,959**	-	**-**	-
Other	**4,254**	5,755	**395**	240
Total current provisions	**159,837**	147,022	**7,385**	4,889
Non-current				
Employee benefits	**13,108**	14,224	**703**	1,939
Property	**31,533**	25,780	**-**	-
Other	**757**	1,083	**-**	-
Total non-current provisions	**45,398**	41,087	**703**	1,939

RECONCILIATION

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

	Consolidated Defamation 2008 $'000	Consolidated Property 2008 $'000	Consolidated Earn out 2008 $'000	Consolidated Other 2008 $'000	Company Other 2008 $'000
Current					
Balance at beginning of the financial year	1,311	37,888	-	5,755	240
Acquisition of controlled entities	150	255	37,959	3,625	-
Additional provision	6,199	-	-	2,743	395
Utilised	(5,412)	(36,540)	-	(7,869)	(240)
Exchange differences	(20)	-	-	-	-
Balance at end of the financial year	**2,228**	**1,603**	**37,959**	**4,254**	**395**
Non-current					
Balance at beginning of the financial year	-	25,780	-	1,083	-
Additional provision	-	5,753	-	-	-
Utilised	-	-	-	(326)	-
Balance at end of the financial year	**-**	**31,533**	**-**	**757**	**-**

NATURE AND TIMING OF PROVISIONS

(i) Employee benefits

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

(ii) Defamation

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

(iii) Property

The provision for property costs is in respect of make good provisions, deferred lease incentives and the move of the Sydney office from Darling Park to One Darling Island, Pyrmont. The utilisation of the provision in the current year included a lease surrender fee and rent penalties for Darling Park and additional costs associated with the move. The make good provision and deferred leases incentive are amortised over the shorter of the term of the lease or the useful life of the assets, being up to 20 years.

(iv) Earn out

The provision for earn out relates to amounts in relation to recent acquisitions which are payable contingent on the achievement of specified financial performance criteria by the entity acquired.

(v) Other

Other provisions includes redundancy costs and various other costs relating to the business.

23. Contributed equity

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Ordinary Shares					
1,513,544,248 ordinary shares fully paid (2007: 1,479,640,401)	(A)	**4,039,131**	3,891,162	**4,039,131**	3,891,162
Unvested Employee Incentive Shares					
3,384,916 unvested employee incentive shares (2007: 0)	(B)	**(13,885)**	-	**(13,885)**	-
Stapled Preference Shares (SPS)					
3,000,000 stapled preference shares (2007: 3,000,000)	(C)	**293,163**	293,163	**299,278**	299,278
Debentures					
281 debentures fully paid (2007: 281)	(D)	*	*	*	*
Total contributed equity		**4,318,409**	4,184,325	**4,324,524**	4,190,440

* Amount is less than $1000

RECONCILIATIONS

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

	29 June 2008 No. of shares	1 July 2007 No. of shares	29 June 2008 $'000	1 July 2007 $'000
Consolidated				
(A) ORDINARY SHARES				
Balance at beginning of the financial year	**1,479,640,401**	939,067,152	**3,891,162**	1,248,334
Dividend reinvestment plan issue - 27 September 2007	**12,820,970**	-	**56,156**	-
Dividend reinvestment plan issue - 21 March 2007	**-**	4,135,813	**-**	19,728
Dividend reinvestment plan issue - 6 October 2006	**-**	12,278,486	**-**	48,008
Conversion of PRESSES - 27 July 2006**	**-**	66,348,490	**-**	250,000
Share issue - 25 July 2006 Acquisition of Border Mail	**-**	4,858,517	**-**	19,920
Share issue - 9 May 2007 Acquisition of Rural Press	**-**	452,951,943	**-**	2,305,525
Share issue - 7 August 2007 Adjustment to Rural Press acquisition share issue	**900**	-	**5**	-
Share issue - 27 September 2007 Merrill Lynch final dividend underwriting	**21,081,977**	-	**91,808**	-
Share issue costs	**-**	-	**-**	(353)
Balance at end of the financial year	**1,513,544,248**	1,479,640,401	**4,039,131**	3,891,162
(B) UNVESTED EMPLOYEE INCENTIVE SHARES				
Balance at beginning of the financial year	**-**	-	**-**	-
Share acquisition - 22 February 2008	**1,700,000**	-	**(6,969)**	-
Share acquisition - 25 February 2008	**1,684,916**	-	**(6,916)**	-
Balance at end of the financial year	**3,384,916**	-	**(13,885)**	-
(C) STAPLED PREFERENCE SHARES (SPS)				
Balance at beginning of the financial year	**3,000,000**	3,000,000	**293,163**	293,167
Share issue costs	**-**	-	**-**	(4)
Balance at end of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
(D) DEBENTURES				
Balance at beginning of the financial year	**281**	281	*	*
Balance at end of the financial year	**281**	281	*	*
Total contributed equity			**4,318,409**	4,184,325

** On 27 July 2006 the Company converted all 2,500,000 PRESSES into 66,348,490 fully paid ordinary shares

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

(A) Ordinary Shares

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

Dividend Reinvestment Plan

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

The DRP will apply to the payment of the final dividend for the year ended 29 June 2008 to be paid on 2 October 2008. The last date for the receipt of an election notice for participation in the plan for the final dividend is 2 September 2008.

Under the terms of the DRP eligible shareholders are able to elect to reinvest their dividends in additional Fairfax shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the directors may elect to apply from time to time. The DRP issue price in relation to the final dividend for the financial year ended 29 June 2008 will be based on the arithmetic average of the daily volume weighted average sale price of Fairfax Media Limited shares traded on the Australia Securities Exchange during the period 4 September 2008 to 17 September 2008 inclusive, excluding any trades that do not qualify under the terms of the DRP.

During the financial year ended 29 June 2008, 12,820,970 ordinary shares (2007: 16,414,299 ordinary shares) were issued under the terms of the DRP.

(B) Unvested Employee Incentive Shares

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

(C) Stapled Preference Shares (SPS)

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

Distribution payments are at the discretion of directors however distributions, in the form of interest on the notes, are expected to be paid semi-annually in arrears each April and October, and rank in preference to ordinary shareholders and equally with preference shareholders. The distribution rate is calculated as the sum of the six month bank bill swap rate and the margin, which is determined by the issuers or adjusted to the step-up margin. Distributions are non-cumulative. Total dividend payment in the year to SPS holders was $25,618,128 (2007: $25,630,749).

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

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

(D) Debentures

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

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
24. Reserves					
Asset revaluation reserve, net of tax	(A)	**(801)**	-	**-**	-
Foreign currency translation reserve, net of tax	(B)	**(201,881)**	48,984	**-**	-
Cashflow hedge reserve, net of tax	(C)	**15,307**	(6,739)	**-**	-
Net investment hedge reserve, net of tax	(D)	**(438)**	(24,719)	**-**	-
Share-based payment reserve, net of tax	(E)	**1,750**	(1,943)	**1,750**	(1,943)
Total reserves		**(186,063)**	15,583	**1,750**	(1,943)
(A) Asset revaluation reserve					
Balance at beginning of the financial year		**-**	7,676	**-**	-
Net unrealised (losses)/gains on available for sale investment		**(801)**	953	**-**	-
Transfer to retained earnings		**-**	(9,230)	**-**	-
Revaluation - joint venture		**-**	887	**-**	-
Tax effect of net loss on available for sale investment		**-**	(286)	**-**	-
Balance at end of the financial year		**(801)**	-	**-**	-
(B) Foreign currency translation reserve					
Balance at beginning of the financial year		**48,984**	(129,287)	**-**	-
Net exchange differences on currency translation, net of tax		**(250,865)**	178,271	**-**	-
Balance at end of the financial year		**(201,881)**	48,984	**-**	-
(C) Cashflow hedge reserve					
Balance at beginning of the financial year		**(6,739)**	(1,314)	**-**	-
Effective portion of changes in value of cashflow hedges		**31,079**	(7,755)	**-**	-
Tax effect of net changes on cashflow hedges		**(9,033)**	2,330	**-**	-
Balance at end of the financial year		**15,307**	(6,739)	**-**	-
(D) Net investment hedge reserve					
Balance at beginning of the financial year		**(24,719)**	(4,494)	**-**	-
Effective portion of changes in value of net investment hedges		**34,654**	(28,893)	**-**	-
Tax effect on net investment hedges		**(10,373)**	8,668	**-**	-
Balance at end of the financial year		**(438)**	(24,719)	**-**	-
(E) Share-based payment reserve					
Balance at beginning of the financial year		**(1,943)**	595	**(1,943)**	595
Share-based payment expense		**4,429**	822	**4,429**	822
Transfer to Share Trust to fund acquisition of shares		**(736)**	(3,360)	**(736)**	(3,360)
Balance at end of the financial year		**1,750**	(1,943)	**1,750**	(1,943)

NATURE AND PURPOSE OF RESERVES

(A) Asset revaluation reserve

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

(B) Foreign currency translation reserve

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

(C) Cashflow hedge reserve

The hedging reserve is used to record the portion of gains and losses on a hedging instrument in a cash flow hedge that is determined to be an effective hedge, as described in Note 1(N). Refer to futher disclosures at Note 16.

(D) Net investment hedge reserve

The net investment hedge reserve is used to record gains and losses on a hedging instruments in a fair value hedge, as described in Note 1(F). Refer to futher disclosures at Note 16.

(E) Share-based payment reserve

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

25. Retained profits

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Balance at beginning of the financial year		**748,164**	717,414	**730,731**	227,583
Transfer from asset revaluation reserve		**-**	9,230	**-**	-
Net profit for the financial year		**386,878**	263,510	**59,186**	721,585
Transfer from minority interest		**-**	619	**-**	-
Actuarial (loss)/gain on defined benefit plans, net of tax		**(4,315)**	1,459	**-**	-
Tax benefits recognised directly in equity		**8,427**	-	**-**	-
Reclassification of tax benefits to equity		**7,833**	-	**-**	-
Total available for appropriation		**1,146,987**	992,232	**789,917**	949,168
Dividends paid	6	**(325,000)**	(244,068)	**(299,382)**	(218,437)
Balance at end of the financial year		**821,987**	748,164	**490,535**	730,731

26. Minority interest

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Interest in:				
Contributed equity	**4,898**	5,692	**-**	-
Reserves	**8,585**	8,438	**-**	-
Retained profits	**(2,482)**	(1,208)	**-**	-
Balance at end of the financial year	**11,001**	12,922	**-**	-

RECONCILIATION

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Balance at beginning of the financial year	**12,922**	4,718	**-**	-
Acquisition of controlled entities	**1,587**	10,836	**-**	-
Acquisition of minority interest balances in previously controlled entities	**(3,636)**	-	**-**	-
Transfer to retained earnings	**-**	(619)	**-**	-
Share of profit/(loss) for the period	**612**	(1,889)	**-**	-
Distribution to minority interest	**(570)**	(124)	**-**	-
Exchange differences	**86**	-	**-**	-
Balance at end of the financial year	**11,001**	12,922	**-**	**-**

27. Earnings per share

	Consolidated 29 June 2008 ¢ per share	Consolidated 1 July 2007 ¢ per share
Basic earnings per share		
After significant and non-recurring items less SPS dividend (net of tax)	**24.6**	22.7
Diluted earnings per share		
After significant and non-recurring items (net of tax)	**24.1**	23.0

	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000
Earnings reconciliation - basic		
Net profit attributable to members of the Company	**386,878**	263,510
Less Dividends on SPS (net of tax)	**(17,164)**	(17,942)
Basic earnings after significant and non-recurring items less SPS dividend	**369,714**	245,568
Earnings reconciliation - diluted		
Net profit attributable to members of the Company	**386,878**	263,510

	Consolidated 29 June 2008 Number '000	Consolidated 1 July 2007 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**1,505,829**	1,082,093
SPS	**99,208**	64,670
Weighted average number of ordinary shares used in calculating diluted EPS	**1,605,037**	1,146,763

28. Commitments

OPERATING LEASE COMMITMENTS - GROUP AS LESSEE

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

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

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Within one year		**49,682**	46,895	**-**	-
Later than one year and not later than five years		**140,014**	163,383	**-**	-
Later than five years		**326,224**	378,737	**-**	-
Total operating lease commitments		**515,920**	589,015	**-**	-

The Group is currently leasing the Spencer Street premises for the period 15 June 2007 to 31 March 2010. There are two six month extensions available. Election to renew twelve months prior to the end of the term will not have an additional cost associated with it. Election to renew the lease six and three months prior to the end of the term will cost $150,000 and $200,000 respectively, payable in six equal instalments.

FINANCE LEASE COMMITMENTS - GROUP AS LESSEE

The Group has a finance lease for plant and machinery with a carrying amount of $33.7m (2007: $35.0m). The lease has an average lease term of seven years (2007: eight years) and a weighted average interest rate of 13.4% (2007: 13.4%).

Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Within one year		**5,076**	5,076	**-**	-
Later than one year and not later than five years		**20,303**	20,303	**-**	-
Later than five years		**11,420**	16,495	**-**	-
Minimum lease payments		**36,799**	41,874	**-**	-
Less future finance charges		**(8,269)**	(10,557)	**-**	-
Total finance lease liability		**28,530**	31,317	**-**	-
Classified as:					
Current interest bearing liabilities		**3,194**	2,880	**-**	-
Non-current interest bearing liabilities		**25,336**	28,437	**-**	-
Total finance lease liability	21(C)	**28,530**	31,317	**-**	-

CONTINGENT RENTALS UNDER FINANCE LEASE

A component of the finance lease payments are contingent on movements in the consumer price index. At balance date, the contingent rent payable over the remaining lease term of eight years is $27.6 million (2007: $30.9 million).

CAPITAL COMMITMENTS

At 29 June 2008, the Group has commitments principally relating to the purchase of property, plant and equipment. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
Within one year		**28,999**	21,783	**-**	-
Later than one year and not later than five years		**18,545**	10,711	**-**	-
Later than five years		**-**	-	**-**	-
Total capital commitments		**47,544**	32,494	**-**	-

29. Contingencies

EARN OUT AGREEMENTS

The Group has earn out agreements which represent contingent liabilities at 29 June 2008 relating to the following acquisitions:
- InvestSMART Financial Services Pty Ltd and Go East Furniture Company Pty Ltd
- Countrycars.com.au Pty Ltd

Additional cash consideration of up to $71.4 million will be payable by the Group if the above businesses achieve specified financial performance criteria.

The amount of the earn outs are based on the earnings before interest, tax, depreciation and amortisation (EBITDA) of the acquired business. The earn out targets cover 12 month periods up to 30 September 2010.

A liability for these earn outs has not been recognised at 29 June 2008 as the amount of the earn out is subject to a variety of factors including market behaviour, competition, trading volumes and activity and cannot be reliably determined at this stage.

When the earn out is probable and can be reliably measured, the liability will be accounted for as an additional acquisition cost and added to the carrying amount of the investment as goodwill.

GUARANTEES

Under the terms of ASIC Class Order 98/1418 (as amended), the Company and certain controlled entities (refer Note 30), have guaranteed any deficiency of funds if any entity to the class order is wound-up. No such deficiency exists at balance date.

DEFAMATION

From time to time, entities in the Group are sued for defamation and similar matters in the ordinary course of business.
At the date of this report, there were no legal actions against the consolidated entity, other than those recognised at Note 22, that are expected to result in a material impact.

30. Controlled entities

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

	Notes	Country of Incorporation	Ownership interest 2008 %	Ownership interest 2007 %
Fairfax Media Limited	(a)	Australia		
CONTROLLED ENTITIES				
5AU Broadcasters Proprietary Limited	(a)	Australia	100	93
ACN 002 642 266 Pty Limited	(a),(b)	Australia	100	-
ACN 101 806 302 Pty Ltd	(a)	Australia	100	100
Agricultural Publishers Pty Limited	(a)	Australia	100	100
AIPD Pty Limited		Australia	100	100
Associated Newspapers Ltd	(a)	Australia	100	100
Australian Property Monitors Pty Limited	(a)	Australia	100	100
Blenheim Films Limited	(b)	United Kingdom	75	-
Border Mail Printing Pty Ltd	(a)	Australia	100	76
Bridge Printing Office Pty Limited	(a)	Australia	100	100
Broadcast Investments Holdings Pty Limited	(b)	Australia	100	-
Bundaberg Broadcasters Pty Limited	(a)	Australia	100	93
Canweb Printing Pty Limited		Australia	100	100
Carnival (Charles Dickens) Limited	(b)	United Kingdom	75	-
Carnival Film & Television Ltd	(b)	United Kingdom	75	-
Carpentaria Newspapers Pty Limited	(a)	Australia	100	100
Central Districts Field Days Limited		New Zealand	100	100
Commerce Australia Pty Ltd		Australia	75	75
Communication Associates Limited		New Zealand	100	100
Constellar Press & Printing Pty Limited	(a)	Australia	100	100
Country Publishers Pty Limited	(a)	Australia	100	100
CountryCars.com.au Pty Ltd	(a)	Australia	100	100
Creative House Publications Pty Limited		Australia	100	-
Cudgegong Newspapers Pty Limited		Australia	100	100
Darrall Macqueen Artist Management Limited	(b)	United Kingdom	75	-
Darrall Macqueen Limited	(b)	United Kingdom	75	-
Darrall Macqueen West Limited	(b)	United Kingdom	75	-
David Syme & Co Pty Limited	(a)	Australia	100	100
Debt Retrieval Agency Limited		New Zealand	100	100
Depotsound Limited	(b)	United Kingdom	75	-
Digital Radio Australia Pty Limited	(a),(b)	Australia	100	-
Esperance Holdings Pty Limited		Australia	100	100
Examiner Properties Pty Limited	(a)	Australia	100	100
F@rming Online Pty Limited	(a)	Australia	100	100
Fairfax Business Media (South Asia) Pte Limited		Singapore	100	100
Fairfax Business Media Pte Limited		Singapore	100	100
Fairfax Business Media Sdn. Bhd.		Malaysia	100	100
Fairfax Business Publications (Hong Kong) Ltd		Hong Kong	100	100
Fairfax Community Network Limited	(a)	Australia	100	100
Fairfax Community Newspapers Pty Limited	(a)	Australia	100	100
Fairfax Corporation Pty Limited	(a)	Australia	100	100

			Ownership interest	
		Country of	2008	2007
	Notes	Incorporation	%	%
Fairfax Digital Australia & New Zealand Pty Ltd	(a)	Australia	100	100
Fairfax Digital Limited	(a)	Australia	100	100
Fairfax EEC Limited		United Kingdom	100	100
Fairfax Group Finance New Zealand Limited		New Zealand	100	100
Fairfax News Network Pty Limited	(a)	Australia	100	100
Fairfax Media Group Finance Pty Limited	(a)	Australia	100	100
Fairfax Media Management Pty Limited	(a)	Australia	100	100
Fairfax Media Publications Pty Ltd	(a)	Australia	100	100
Fairfax New Zealand Finance Limited		Australia	100	100
Fairfax New Zealand Holdings Limited		New Zealand	100	100
Fairfax New Zealand Limited		New Zealand	100	100
Fairfax Print Holdings Pty Limited	(a)	Australia	100	100
Fairfax Printers Pty Limited	(a)	Australia	100	100
Fairfax Radio Network Pty Ltd	(a),(b)	Australia	100	-
Fairfax Regional Printers Pty Limited	(a)	Australia	100	100
Fairfax Radio Syndication Pty Limited	(a),(b)	Australia	100	-
Fantasports Australia Pty Limited	(b)	Australia	100	-
Farm Progress Companies, Inc		United States	100	100
Farm Progress Holding Co, Inc		United States	100	100
Farm Progress Insurance Services, Inc		United States	100	100
Financial Essentials Pty Ltd	(a)	Australia	100	-
Go East Furniture Company Pty Limited	(a)	Australia	100	-
Golden Mail Pty Limited		Australia	66	66
Harris and Company Pty Limited	(a)	Australia	100	100
Harris Enterprises Pty Limited	(a)	Australia	100	100
Harris Print Pty Limited	(a)	Australia	100	100
Harris Publications Pty Limited	(a)	Australia	100	100
Hunter Distribution Network Pty Limited	(a)	Australia	100	100
Illawarra Newspaper Holdings Pty Limited	(a)	Australia	100	100
Indiana Prairie Farmer Insurance Services, Inc		United States	100	100
InvestSMART Financial Services Pty Limited		Australia	100	-
InvestSMART Limited		New Zealand	100	-
J&R Graphics Pty Limited		Australia	100	100
John Fairfax & Sons Limited	(a)	Australia	100	100
John Fairfax (UK) Limited		United Kingdom	100	100
John Fairfax (US) Limited		United States	100	100
John Fairfax Limited	(a)	Australia	100	100
Lanson Investments Pty Limited	(a)	Australia	100	93
Large Publications Pty Ltd		Australia	79	79
Leeton Newspapers Pty Ltd	(a)	Australia	100	100
Lime Digital Pty Limited	(a)	Australia	100	100
Macleay Valley Happynings Pty Limited		Australia	100	100
Mayas Pty Limited		Australia	100	100
Mayas Unit Trust		Australia	100	100
Media Investments Pty Limited	(a)	Australia	100	100
Melbourne Community Newspapers Pty Ltd		Australia	100	100
Merredin Advertiser Pty Limited	(a)	Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2008 %	2007 %
Metropolis Media Pty Ltd	(a)	Australia	100	100
Micosh Pty Ltd	(a)	Australia	100	100
Milton Ulladulla Publishing Co. Pty Limited		Australia	60	60
Mistcue Pty Limited		Australia	65	65
Mountain Press Pty Limited		Australia	88	88
NE Investments Pty Ltd		Australia	100	100
Newcastle Newspapers Pty Ltd	(a)	Australia	100	100
North Australian News Pty Limited	(a)	Australia	100	100
Northern Newspapers Pty Limited	(a)	Australia	100	100
NZ Rural Press Limited		New Zealand	100	100
Old Friends Limited		New Zealand	100	100
Online Services International Limited		New Zealand	100	100
Oxford Scientific Films Limited	(b)	United Kingdom	100	-
Personal Investment Direct Access Pty Limited		Australia	100	100
Port Lincoln Times Pty Limited	(a)	Australia	100	100
Port Stephens Publishers Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Trust		Australia	100	100
Primetime Limited	(b)	United Kingdom	100	-
Pro-Ag Pty Limited	(a)	Australia	100	100
Propaganda Print Pty Ltd		Australia	100	100
Queensland Community Newspapers Pty Limited	(a)	Australia	100	100
Radio 4BH Brisbane Pty Limited	(a),(b)	Australia	100	-
Radio 2UE Sydney Pty Limited	(a),(b)	Australia	100	-
Radio 4BC Brisbane Pty Limited	(a),(b)	Australia	100	-
Radio 1278 Melbourne Pty Limited	(a),(b)	Australia	100	-
Radio 3AW Melbourne Pty Limited	(b)	Australia	100	-
Radio 6PR Perth Pty Limited	(a),(b)	Australia	100	-
Radio 96FM Perth Pty Limited	(a),(b)	Australia	100	-
Real Estate Publications Australasia Pty Limited		Australia	55	55
Real Estate Publications Australasia Trust		Australia	55	55
Regional Printers Pty Limited	(a)	Australia	100	100
Regional Publishers (Tasmania) Pty Limited	(a)	Australia	100	100
Regional Publishers (Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers (Western Victoria) Pty Ltd	(a)	Australia	100	100
Regional Publishers Pty Limited	(a)	Australia	100	100
Riverina Newspapers (Griffith) Pty Ltd	(a),(b)	Australia	100	100
Rosemary and Thyme Enterprises Limited	(b)	United Kingdom	75	-
RP Interactive Pty Limited	(a)	Australia	100	100
RPL Technology Pty Limited	(a)	Australia	100	100
RSVP.com.au Pty Limited	(a)	Australia	100	100
Rural Press (North Queensland) Pty Limited	(a)	Australia	100	100
Rural Press (USA) Limited		United States	100	100
Rural Press Ltd	(a)	Australia	100	100
Rural Press Printing (Victoria) Pty Limited	(a)	Australia	100	100
Rural Press Printing Pty Limited	(a)	Australia	100	100
Rural Press Queensland Pty Limited	(a)	Australia	100	100
Rural Press Regional Media (WA) Pty Limited	(a)	Australia	100	100
Rural Press Share Plan Pty Limited	(a)	Australia	100	100
Rural Press USA Inc		United States	100	100

	Notes	Country of Incorporation	Ownership interest 2008 %	2007 %
Rural Publishers Pty Limited	(a)	Australia	100	100
S.A. Regional Media Pty Limited	(a)	Australia	100	100
Satellite Interactive Marketing Pty Limited	(a),(b)	Australia	100	-
Satellite Marketing Australia Pty Limited	(a),(b)	Australia	100	-
Satellite Music Australia Pty Limited	(a),(b)	Australia	100	-
Snowy Mountains Publications Pty Limited		Australia	100	100
Southern Cross View Pty Limited	(a),(b)	Australia	100	-
Southern Star Group Limited	(a),(b)	Australia	100	-
Southern Star Group Inc	(b)	United States	100	-
Southern Star Entertainment Pty Limited	(a),(b)	Australia	100	-
Southern Star Entertainment UK Plc	(b)	United Kingdom	100	-
Southern Star Film Investments Pty Limited	(a),(b)	Australia	100	-
Southern Star Films Sales Pty Limited	(a),(b)	Australia	100	-
Southern Star International Limited	(b)	United Kingdom	100	-
Southern Star Productions No. 1 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 2 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 3 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 4 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 5 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 6 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 7 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 8 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 9 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 10 Pty Limited	(b)	Australia	100	-
Southern Star Productions No. 11 Pty Limited	(b)	Australia	100	-
Southern Star Operations Pty Limited	(a),(b)	Australia	100	-
Southern Star Sales (UK) Limited	(b)	United Kingdom	100	-
Southern Star Singapore Pte Ltd	(b)	Singapore	100	-
Southern Star Singapore No. 2 Pte Limited	(b)	Singapore	100	-
SS Group Funds Pty Limited	(b)	Australia	100	-
Stayz Limited		New Zealand	100	100
Stayz Pty Limited	(a)	Australia	100	100
Stock Journal Publishers Pty Limited	(a)	Australia	100	100
Suzannenic Pty Limited	(a)	Australia	100	100
The Advocate Newspaper Proprietary Limited	(a)	Australia	100	100
The Age Company Ltd	(a)	Australia	100	100
The Age Print Company Pty Ltd	(a)	Australia	100	100
The Barossa News Pty Limited	(a)	Australia	100	100
The Border Morning Mail Ltd	(a)	Australia	100	100
The Examiner Newspaper Pty Limited	(a)	Australia	100	100
The Federal Capital Press of Australia Pty Limited	(a)	Australia	100	100
The Independent News Pty Ltd	(a)	Australia	100	100
The Miller Publishing Co, Inc		United States	100	100
The Murrumbidgee Irrigator Pty Ltd	(a)	Australia	100	100
The Printing Press Pty Limited	(a)	Australia	100	100
The Queanbeyan Age Pty Limited		Australia	100	100
The Text Media Group Pty Ltd		Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2008 %	2007 %
The Text Newspaper Company Pty Limited		Australia	100	100
TheVine.com.au Pty Ltd		Australia	100	-
The Wagga Daily Advertiser Pty Ltd	(a)	Australia	100	100
The Warrnambool Standard Pty Ltd	(a)	Australia	100	100
Tofua Holdings Pty Limited	(a)	Australia	100	100
Trade Me Limited		New Zealand	100	100
Tricom Group Pty Limited	(a),(b)	Australia	100	-
Victorian Lifestyle Property Pty Limited		Australia	100	100
West Australian Rural Media Pty Limited	(a)	Australia	100	100
Western Australian Primary Industry Press Pty Ltd	(a)	Australia	100	100
Western Magazine Pty Limited		Australia	75	75
Western Magazine Settlement Trust		Australia	75	75
Whyalla News Properties Pty Limited	(a)	Australia	100	100
Winbourne Pty Limited	(a)	Australia	100	100

(a) The Company and the controlled entities incorporated within Australia are party to Class Order 98/1418 (as amended) issued by the Australian Securities & Investment Commission. These entities have entered into a Deed of Cross Guarantee dated June 2008 under which each entity guarantees the debts of the others. These companies represent a 'Closed Group' for the purposes of the Class Order and there are no other members of the 'Extended Closed Group'. Under the Class Order, these entities have been relieved from the requirements of the Corporations Act 2001 with regard to the preparation, audit and publication of accounts.

(b) These companies were acquired as part of the Southern Cross acquisition. Refer to Note 31 for further details.

DEED OF CROSS GUARANTEE

Fairfax Media Limited and certain wholly-owned entities (the "Closed Group") identified at (a) above are parties to a Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended). Pursuant to the requirements of that Class Order, a summarised consolidated income statement for the period ended 29 June 2008 and consolidated balance sheet as at 29 June 2008, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

(A) BALANCE SHEET

	2008 $'000	2007 $'000
Current assets		
Cash and cash equivalents	**40,634**	323,885
Trade and other receivables	**413,447**	331,919
Inventories	**38,395**	38,928
Derivative assets	**3,314**	8
Assets held for sale	**1,096**	500
Other current assets	**11,610**	-
Total current assets	**508,496**	695,240

	2008 $'000	2007 $'000
Non-current assets		
Receivables	**517,084**	636,584
Investments accounted for using the equity method	**43,926**	15,536
Available for sale investments	**3,547**	-
Held to maturity investments	**14,686**	16,014
Intangible assets	**4,829,520**	3,957,807
Property, plant and equipment	**780,222**	692,256
Derivative assets	**59,403**	165
Pension asset	**4,858**	9,292
Deferred tax assets	**107,080**	97,402
Other financial assets	**1,277,473**	1,484,297
Other non-current assets	**8,890**	-
Total non-current assets	**7,646,689**	6,909,353
Total assets	**8,155,185**	7,604,593
Current liabilities		
Payables	**269,023**	224,307
Interest bearing liabilities	**15,816**	10,178
Derivative liabilities	**919**	1,344
Provisions	**111,630**	131,596
Current tax liabilities	**2,018**	20,353
Total current liabilities	**399,406**	387,778
Non-current liabilities		
Interest bearing liabilities	**2,352,638**	2,160,827
Derivative liabilities	**149,295**	90,448
Deferred tax liabilities	**116,042**	79,972
Provisions	**44,052**	37,986
Other	**2,881**	335
Total non-current liabilities	**2,664,908**	2,369,568
Total liabilities	**3,064,314**	2,757,346
Net assets	**5,090,871**	4,847,247
Equity		
Contributed equity	**4,318,409**	4,184,325
Reserves	**137,334**	(25,988)
Retained profits	**635,128**	688,910
Total equity	**5,090,871**	4,847,247

(B) INCOME STATEMENT

	2008 $'000	2007 $'000
Total revenue	**2,322,237**	1,589,096
Share of net profits of associates and joint ventures	**8,478**	2,577
Expenses before finance costs	**(1,874,469)**	(1,238,551)
Finance costs	**(104,699)**	(41,420)
Net profit from continuing operations before income tax expense	**351,547**	311,702
Income tax expense	**(95,254)**	(49,322)
Net profit from continuing operations after income tax expense	**256,293**	262,380

31. Acquisition and disposal of controlled entities

(A) SOUTHERN CROSS BROADCASTING

The consolidated entity gained control over the following entities during the year as part of the Southern Cross Broadcasting acquisition:

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Southern Star Group Limited	**	9 November 2007	100%
Southern Star Films Sales Pty Limited	**	9 November 2007	100%
Southern Star Operations Pty Limited	**	9 November 2007	100%
SS Group Funds Pty Limited	**	9 November 2007	100%
ACN 002 642 266 Pty Limited	**	9 November 2007	100%
Southern Star Group Inc	**	9 November 2007	100%
Southern Star Film Investments Pty Limited	**	9 November 2007	100%
Southern Star Entertainment Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 1 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 2 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 3 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 4 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 5 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 6 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 7 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 8 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 9 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 10 Pty Limited	**	9 November 2007	100%
Southern Star Productions No. 11 Pty Limited	**	9 November 2007	100%
Southern Star Singapore Pte Ltd	**	9 November 2007	100%
Southern Star Singapore No. 2 Pte Limited	**	9 November 2007	100%
Southern Star Entertainment UK Plc	**	9 November 2007	100%
Southern Star Sales (UK) Limited	**	9 November 2007	100%
Primetime Limited	**	9 November 2007	100%
Oxford Scientific Films Limited	**	9 November 2007	100%
Southern Star International Limited	**	9 November 2007	100%
Darrall Macqueen Limited	**	9 November 2007	75%
Darrall Macqueen Artist Management Limited	**	9 November 2007	75%
Darrall Macqueen West Limited	**	9 November 2007	75%
Carnival Film & Television Ltd	**	9 November 2007	75%
Carnival (Charles Dickens) Limited	**	9 November 2007	75%
Blenheim Films Limited	**	9 November 2007	75%
Rosemary and Thyme Enterprises Limited	**	9 November 2007	75%
Depotsound Limited	**	9 November 2007	75%
Southern Cross View Pty Limited	**	9 November 2007	100%
Tricom Group Pty Limited	**	9 November 2007	100%
Southern Cross Emedia Pty Limited ***	**	9 November 2007	100%
Fantasports Australia Pty Limited	**	9 November 2007	100%
Tricom Radio Holdings Pty Limited *	**	9 November 2007	100%
Radio 2UE Sydney Pty Limited	**	9 November 2007	100%
Talk Radio Network Pty Limited ***	**	9 November 2007	100%
3AW Southern Cross Radio Pty Limited *	**	9 November 2007	100%
United Broadcast Holdings Pty Limited ***	**	9 November 2007	100%

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Broadcast Investments Holdings Pty Limited	**	9 November 2007	100%
1278 Southern Cross Radio Pty Limited *	**	9 November 2007	100%
96FM Southern Cross Radio Pty Limited *	**	9 November 2007	100%
6PR Southern Cross Radio Pty Limited *	**	9 November 2007	100%
Radio 4BC Brisbane Pty Limited	**	9 November 2007	100%
Queensland Radio 2000 Pty Limited *	**	9 November 2007	100%
Southern Cross Syndication Pty Limited *	**	9 November 2007	100%
Satellite Marketing Australia Pty Limited	**	9 November 2007	100%
Satellite Music Australia Pty Limited	**	9 November 2007	100%
Satellite Interactive Marketing Pty Limited	**	9 November 2007	100%
Digital Radio Australia Pty Limited	**	9 November 2007	100%

* These company names were subsequently changed post acquisition to be consistent with those of the consolidated entity.

** The principal activities of the companies acquired are television production and distribution, radio broadcasting and music subscription services.

*** These entities were subsequently liquidated post acquisition.

Consideration paid for the acquisition of the Southern Cross Broadcasting entities consisted of $532.4 million in cash.

(B) OTHER ACQUISITIONS

The consolidated entity gained control over the following entities or publishing assets during the year as part of other acquisitions:

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Central District Times	Newspaper publishing	29 August 2007	(i)
Border Mail Printing Pty Limited	Printing facility	6 September 2007	(ii)
InvestSMART Financial Services Pty Limited	Online fund manager	28 September 2007	100%
InvestSMART Limited	Dormant	28 September 2007	100%
Go East Furniture Company Pty Limited	Dormant	28 September 2007	100%
The Guardian	Newspaper publishing	1 December 2007	(iii)
NZ Life & Leisure	Magazine publishing	10 December 2007	(iv)
Creative House Publications Pty Limited	Magazine publishing	20 December 2007	60% (v)
Star Broadcasting Network Pty Limited	Radio broadcasting	21 December 2007	(vi)
Horse Deals	Magazine publishing	29 February 2008	(vii)
Financial Essentials Pty Ltd	Financial education services	29 February 2008	100%
TheVine.com.au Pty Ltd	Online youth website	16 April 2008	70%
Mail Newspapers	Newspaper publishing	18 April 2008	(viii)
The World	Magazine publishing	30 May 2008	(ix)
The Cut	Magazine publishing	4 June 2008	(x)
The Weather Company Pty Ltd	Online weather website	27 June 2008	75%

(i) The publishing assets of Central District Times in New Zealand were acquired, including the Central District Times masthead.

(ii) On 25 July 2006, the consolidated entity gained control over Border Mail Printing Pty Limited via the acquisition of a 75.5% interest in this company. On 6 September 2007, the consolidated entity acquired the remaining 24.5% interest in this company resulting in an ownership interest of 100%.

(iii) The publishing assets of The Guardian in Blacktown NSW were acquired (including The Guardian masthead) in exchange for the Newcastle and Lake Macquarie Post and the Hunter Post mastheads.

(iv) The publishing assets of NZ Life & Leisure in New Zealand were acquired, including the NZ Life & Leisure masthead.

(v) The consolidated entity acquired a 60% interest in Creative House Publications Pty Limited, which includes the Focus Magazine masthead.

(vi) The remaining 7% minority interest was acquired in Star Broadcasting Network Pty Limited resulting in an ownership interest of 100%.

(vii) The publishing assets of Horse Deals were acquired, including the Horse Deals masthead.

(viii) The publishing assets of Mail Newspapers in New Zealand were acquired, including the Napier Mail, Hastings Mail and the Hawkes Bay Country Scene mastheads.

(ix) The publishing assets of The World in New Zealand were acquired, including The World masthead.

(x) The publishing assets of The Cut in New Zealand were acquired, including The Cut masthead.

For additional information refer to Note 32.

(C) DISPOSALS

The consolidated entity disposed of its 100% interest in Star Broadcasting Network Pty Limited on 28 May 2008.

32. Business combinations

(A) RURAL PRESS

On 9 May 2007 Fairfax Media Limited acquired 100% of the issued share capital of Rural Press Limited.

At 1 July 2007, the purchase price allocation for this business combination was based on provisional information. During the financial year ended 29 June 2008, the purchase price allocation was finalised. The impact of this was a decrease to goodwill of $32.5 million The fair value of the identifiable assets and liabilities of the Rural Press entities as at the date of acquisition were:

	Recognised on acquisition $'000	Acquiree's carrying amounts $'000
Fair value of net assets acquired		
Cash and cash equivalents	8,438	8,438
Receivables	95,560	95,530
Inventories	14,693	14,693
Investments accounted for using the equity method	16,796	8,550
Available for sale investments	985	456
Property, plant and equipment	234,346	192,803
Intangible assets	1,549,029	445,642
Deferred tax assets	15,772	15,412
Total assets	1,935,619	781,524
Payables	52,463	51,700
Current tax liabilities	13,640	6,240
Interest bearing liabilities	413,307	413,307
Provisions	24,300	24,300
Deferred tax liabilities	37,018	4,699
Total liabilities	540,728	500,246
Fair value of identifiable net assets	1,394,891	281,278
Outside equity interest in net assets	(8,995)	-
Goodwill arising on acquisition	1,348,258	-
Total identifiable net assets and goodwill	2,734,154	281,278
Consideration		
Purchase consideration - cash	422,426	
Purchase consideration - shares	2,305,530	
Costs directly attributable to the acquisition	6,198	
Total consideration	2,734,154	
Net cash outflow on acquisition		
Net cash acquired with subsidiary	8,438	
Cash paid	(428,624)	
Net cash outflow	(420,186)	

(B) SOUTHERN CROSS BROADCASTING

On 9 November 2007 certain assets and liabilities of Southern Cross Broadcasting were acquired. For details of the purchase consideration and a full listing of entities acquired refer to Note 31(A). The purchase allocation has not been finalised and provisional accounting has been applied. The assets and liabilities acquired were:

	Recognised on acquisition $'000	Acquiree's carrying amounts $'000
Value of net assets acquired		
Cash and cash equivalents	17,784	17,784
Receivables	72,230	72,815
Inventories	963	963
Investments accounted for using the equity method	5,605	5,505
Property, plant and equipment	30,145	30,145
Intangible assets	148,291	148,269
Assets available for sale	3,324	3,324
Other current assets	17,896	17,896
Current tax assets	3,012	3,012
Deferred tax assets	5,505	25,973
Total assets	304,755	325,686
Payables	77,817	77,817
Interest bearing liabilities	347	347
Provisions	10,932	10,932
Other non current liabilities	1,177	1,177
Deferred tax liabilities	8,256	7,582
Total liabilities	98,529	97,855
Value of identifiable net assets	206,226	227,831
Outside equity interest in net assets	(257)	-
Goodwill arising on acquisition	330,325	-
Total identifiable net assets and goodwill	536,294	227,831
Consideration		
Purchase consideration - cash	532,374	
Costs directly attributable to the acquisition	3,920	
Total consideration	536,294	
Net cash outflow on acquisition		
Net cash acquired with subsidiary	17,784	
Cash paid	(536,294)	
Net cash outflow	(518,510)	

For the period since acquisition, being 9 November 2007 to 29 June 2008, the Southern Cross Broadcasting entities have contributed net profit after income tax expense of $21.8 million. Synergies derived in other parts of the Group as a result of the Southern Cross Broadcasting acquisition have not been incorporated into the above result. The total revenue for Southern Cross Broadcasting had the acquisition instead taken place on 2 July 2007, would have been $263.7 million. The total net profit after income tax expense, had the acquisition instead taken place on 2 July 2007, would have been $28.4 million.

(C) OTHER ACQUISITIONS DURING THE PERIOD

Other acquisitions, none of which were individually significant to the consolidated entity, are listed in Note 31(B).

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

	Recognised on acquisition $'000	Acquiree's carrying amounts $'000
Value of net assets acquired		
Cash and cash equivalents	2,025	2,025
Receivables	995	1,005
Inventories	73	73
Property, plant and equipment	4,738	1,038
Intangible assets	30,502	8,632
Deferred tax assets	452	-
Total assets	38,785	12,773
Payables	852	852
Provisions	650	153
Current tax liabilities	276	276
Total liabilities	1,778	1,281
Value of identifiable net assets	37,007	11,492
Outside equity interest in net assets	(1,176)	-
Outside equity interest in net assets settled	3,636	-
Goodwill arising on acquisition	29,464	-
Total identifiable net assets and goodwill	68,931	11,492
Consideration		
Purchase consideration - cash	64,889	
Purchase consideration - non cash	2,670	
Costs directly attributable to the acquisition	1,372	
Total consideration	68,931	
Net cash outflow on acquisition		
Net cash acquired with subsidiary	2,025	
Cash paid	(66,261)	
Net cash outflow	(64,236)	

33. Employee benefits

(A) NUMBER OF EMPLOYEES

As at 29 June 2008 the consolidated entity employed 9,800 full time employees (2007: 9,474) and 2,106 part-time and casual employees (2007: 1,942). This includes 2,353 (2007: 2,348) full-time employees and 488 (2007: 299) part-time and casual employees in New Zealand.

(B) EMPLOYEE SHARE PLANS

The Company has three employee share plans at balance date. Information relating to each plan is set out below:

1. Fairfax Exempt Employee Share Plan

This plan is open to all permanent full-time and part-time Australian employees with more than twelve 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 ASX. 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 Australian employees with more than twelve 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 ASX. The shares are purchased by an independent trustee company on pre-fixed dates.

3. Long Term Incentive Scheme

2006 - 2007 Equity-based incentive schemes

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

2008 Equity-based incentive scheme

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

34. Remuneration of auditors

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

	Consolidated 29 June 2008 $	Consolidated 1 July 2007 $	Company 29 June 2008 $	Company 1 July 2007 $
Audit services				
Ernst & Young Australia				
Audit and review of financial reports	**1,788,000**	991,000	**1,788,000**	991,000
Affiliates of Ernst & Young Australia				
Audit and review of financial reports	**360,000**	358,000	**360,000**	358,000
KPMG Australia				
Audit and review of financial reports	**-**	683,229	**-**	683,229
Affiliates of KPMG Australia				
Audit and review of financial reports	**-**	19,454	**-**	19,454
Total audit services	**2,148,000**	2,051,683	**2,148,000**	2,051,683
Other assurance services				
Ernst & Young Australia				
Regulatory and contractually required audits	**296,000**	268,600	**-**	-
Other	**106,075**	242,895	**8,240**	175,425
Affiliates of Ernst & Young Australia				
Regulatory and contractually required audits	**230,402**	271,641	**-**	-
Other	**29,723**	30,000	**-**	-
KPMG Australia				
Other	**-**	50,000	**-**	-
Total other assurance services	**662,200**	863,136	**8,240**	175,425
Total remuneration for assurance services	**2,810,200**	2,914,819	**2,156,240**	2,227,108
Non assurance services				
Ernst & Young Australia				
Other services	**42,632**	15,450	**-**	-
Affiliates of Ernst & Young Australia				
Other services	**11,413**	4,903	**-**	-
KPMG Australia				
Other services	**-**	398,692	**-**	287,337
Total non assurance services	**54,045**	419,045	**-**	287,337
Total remuneration of auditors	**2,864,245**	3,333,864	**2,156,240**	2,514,445

For the 2007 financial year KPMG performed audit services at legacy Rural Press Limited entities in the Group. Fees for audit services provided to the legacy Rural Press companies are included in this note to provide a comprehensive disclosure regarding fees paid to audit firms for audit services in the 2007 financial year.

35. Director and executive disclosures

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Shareholdings

	Balance 1 July 2007	Granted as remuneration	On exercise of option	Net change Other	Balance 29 June 2008	Post year-end acquisitions	Post year-end disposals	Post year-end balance
Directors								
RJ Walker	1,014,300	-	-	19,530	1,033,830	28,297	-	1,062,127
MD Burrows	45,712	-	-	8,943	54,655	-	-	54,655
RC Corbett	29,540	-	-	10,551	40,091	3,989	-	44,080
D Evans	13,801	-	-	38,647	52,448	3,547	-	55,995
JB Fairfax	216,501,147	-	-	(18,365)	216,482,782	3,103	-	216,485,885
N Fairfax	1,210,113	-	-	1,202,238	2,412,351	3,989	-	2,416,340
JM King	47,252	-	-	(1,184)	46,068	3,325	-	49,393
DE Kirk	324,405	-	-	46,875	371,280	-	-	371,280
R Savage	-	-	-	19,996	19,996	3,324	-	23,320
P Young	12,367	-	-	12,816	25,183	-	-	25,183
Key management personnel								
B McCarthy**	1,074,384	-	-	(21,907)	1,052,477	-	-	1,052,477
G Hambly	114,619	-	-	28,195	142,814	-	-	142,814
J Matthews	-	-	-	12,676	12,676	-	-	12,676
J Withers	3,296	-	-	-	3,296	-	-	3,296
S Narayan	22,981	-	-	34,907	57,888	-	-	57,888
Total	220,413,917	-	-	1,393,918	221,807,835	49,574	-	221,857,409

	Balance 30 June 2006	Granted as remuneration	On exercise of option	Net change Other	Balance 1 July 2007*
Directors					
RJ Walker	424,791	-	-	589,509	1,014,300
MD Burrows	33,552	-	-	12,160	45,712
RC Corbett	21,053	-	-	8,487	29,540
D Evans	6,456	-	-	7,345	13,801
JB Fairfax	-	-	-	216,501,147	216,501,147
N Fairfax	-	-	-	1,210,113	1,210,113
JM King	39,336	-	-	7,916	47,252
DE Kirk	100,000	-	-	224,405	324,405
P Young	4,369	-	-	7,998	12,367
Key Management Personnel					
B McCarthy**	-	-	-	1,074,384	1,074,384
G Hambly	96,415	-	-	18,204	114,619
J Matthews	-	-	-	-	-
J Withers	3,296	-	-	-	3,296
S Narayan	2,247	-	-	20,734	22,981
Total	731,515	-	-	219,682,402	220,413,917

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

** In addition, the McCarthy Family Superannuation Fund in which B McCarthy has an interest, holds 410,550 (2007: 410,550) shares in the Company.

Stapled Preference Shares (SPS)

There were no SPS held, acquired or disposed of in the financial year ended 29 June 2008 by directors or key management personnel.

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

Details of shares provided as remuneration is in section 5.2 of the remuneration report.

	Opening Balance 1 July 2007	Granted as remuneration	Net change Other ***	Closing Balance 29 June 2008
Directors				
DE Kirk	116,297	623,214	-	739,511
Key management personnel				
B McCarthy	-	292,299	-	292,299
G Hambly	99,446	80,651	(50,577)	129,520
J Matthews	3,323	91,649		94,972
J Withers	-	-	-	-
S Narayan	120,613	195,518	(59,283)	256,848
Total	339,679	1,283,331	(109,860)	1,513,150

*** Includes forfeitures

	Opening Balance 30 June 2006	Granted as remuneration	Net change Other ***	Closing Balance 1 July 2007
Directors				
DE Kirk	-	116,297	-	116,297
Key management personnel				
B McCarthy	-	-	-	-
G Hambly	139,915	12,460	(52,929)	99,446
J Matthews	-	3,323	-	3,323
J Withers	-	-	-	-
S Narayan	149,901	24,921	(54,209)	120,613
Total	289,816	157,001	(107,138)	339,679

*** includes forfeitures

(C) LOANS TO KEY MANAGEMENT PERSONNEL

(i) Aggregates for key management personnel

There were no loans issued to directors of Fairfax Media Limited or to other key management personnel of the Group, including their personally related parties, during the financial period ended 29 June 2008 (2007: nil).

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

There are no outstanding loans above $100,000 for the financial years ended 29 June 2008 and 1 July 2007.

(D) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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

During the year Fairfax Media Limited entered into arms length transactions with Lazard LLC resulting in fees paid to Lazard for the year of $3.3 million (2007: $3.3million). Mr Mark Burrows, who resigned as Fairfax Group Deputy Chairman on 31 January 2008, is Managing Director of Lazard LLC and Chairman of Lazard Australia.

36. Related party transactions

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

Interests in controlled entities are set out in Note 30.

(C) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 35.

(D) TRANSACTIONS WITH RELATED PARTIES

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

	Sales to related parties $'000	Purchases from related parties $'000	Amount owed by related parties $'000	Amount owed to related parties $'000
Consolidated				
29 June 2008	4,573	13,736	322	239
1 July 2007	100	10,578	198	311
Company				
29 June 2008	-	20	-	-
1 July 2007	-	-	-	-

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

37. Notes to the cash flow statements

	Note	Consolidated 29 June 2008 $'000	Consolidated 1 July 2007 $'000	Company 29 June 2008 $'000	Company 1 July 2007 $'000
(A) RECONCILIATION OF NET PROFIT AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Net profit for the financial year		**386,878**	263,510	**59,186**	721,585
Non-cash items					
Depreciation and amortisation and asset impairment	3(B)	**108,295**	111,281	**9,514**	12,635
Amortisation of PRESSES issue costs		**-**	464	**-**	464
Share of profits of associates and joint ventures not received as dividends or distributions		**(27)**	(1,723)	**-**	-
Straight-line rent adjustment		**5,080**	169	**-**	-
Net (gain)/loss on disposal of property, plant and equipment		**(2,430)**	(41,859)	**42**	5
Net gain on disposal of investments		**-**	(13,227)	**-**	-
Net gain on disposal of other assets		**(1,400)**	(6,310)	**-**	-
Fair value adjustment to derivatives		**(1,115)**	(892)	**-**	-
Net foreign currency (gain)/loss		**(5,410)**	214	**-**	-
Share based payment expense		**4,429**	822	**4,429**	822
Non-cash superannuation expense/(income)		**1,461**	(156)	**-**	-
Impairment of non-current assets		**1,382**	17,204	**-**	3,046
Changes in operating assets and liabilities, net of effects from acquisitions					
Decrease/(increase) in trade receivables		**377**	(4,939)	**785**	(477)
(Increase)/decrease in other receivables		**(18,455)**	(9,848)	**1,279**	(158)
Decrease in inventories		**3,785**	3,472	**-**	-
Decrease in other assets		**6,286**	-	**-**	-
(Decrease)/increase in payables		**(37,350)**	4,910	**1,264**	(4,335)
(Decrease)/increase in provisions		**(34,023)**	64,869	**1,259**	457
Increase/(decrease) in tax balances		**1,913**	(23,081)	**(53,391)**	(27,396)
Net cash inflow from operating activities		**419,676**	364,880	**24,367**	706,648

(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

Cash on hand and at bank	**93,864**	366,307	**680**	687
Bank overdraft	**-**	-	**-**	-
Total cash at end of the financial year	**93,864**	366,307	**680**	687

(C) NON-CASH INVESTING AND FINANCING ACTIVITIES

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in Note 23(A).

38. Financial and capital risk management

Financial risk management

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

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

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

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

Capital risk management

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

The capital structure of Group entities is monitored using debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio. The ratio is calculated as debt divided by EBITDA. Debt is calculated as total interest bearing liabilities.

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

- sufficient finance for the business is maintained at a reasonable cost;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies;
- distributions to shareholders are maintained within stated dividend policy requirements; and
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity to shareholders.

The Group has a dividend payout policy of approximately 80% of net profit through the economic cycle, subject to the cash needs of the business.

During 2008, the Group's strategy was to maintain the debt to EBITDA ratio around 3.0 to 3.5 times (2007: 3.0 to 3.5 times) and maintain an investment grade credit rating.

The debt to EBITDA ratio for the Group at 29 June 2008 and 1 July 2007 is as follows:	Note	Consolidated 2008 $'000	Consolidated 2007 $'000
Interest bearing liabilities - current	21	**15,816**	12,237
Interest bearing liabilities - non-current	21	**2,496,133**	2,335,498
Total interest bearing liabilities		**2,511,949**	2,347,735
EBITDA *		**840,573**	747,000
Debt to EBITDA ratio		**3.0**	3.1

* For the purposes of the debt to EBITDA ratio, operating EBITDA is adjusted for specific items of a non-recurring nature. In respect of the first 12 month period after the acquisition of any acquired business, EBITDA will include acquired EBITDA in respect of the acquired business for any period not covered in the consolidated EBITDA of the Group.

Risk factors

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

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

(A) INTEREST RATE RISK

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

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

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

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

The Group hedges the currency risk on all foreign currency borrowings by entering into cross currency swaps, which have the economic effect of converting foreign currency borrowings to local currency borrowings. The derivative contracts are carried at fair value, being the market value as quoted in an active market.

Refer to Note 16 for further details of the Group's derivative financial instruments and details of hedging activities.

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

Consolidated
As at 29 June 2008

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	93,864	-	-	93,864
Trade and other receivables	-	-	482,355	482,355
Available for sale investments	-	-	3,547	3,547
Held to maturity investments	14,686	-	-	14,686
Other financial assets	-	-	122	122
Derivatives	21,544	37,860	-	59,404
Total financial assets	130,094	37,860	486,024	653,978

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial liabilities				
Payables	-	-	330,045	330,045
Interest bearing liabilities:				
Bank borrowings and loans	1,022,527	24,884	-	1,047,411
Senior notes	26,729	492,947	-	519,676
Eurobonds	-	570,249	-	570,249
Medium term notes	-	199,682	-	199,682
Finance lease liability	28,530	-	-	28,530
Redeemable preference shares (RPS)	-	146,401	-	146,401
Total interest bearing liabilities	1,077,786	1,434,163	-	2,511,949
Derivatives	94,390	19,737	-	114,127
Total financial liabilities	1,172,176	1,453,900	330,045	2,956,121

Consolidated

As at 1 July 2007

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	366,307	-	-	366,307
Trade and other receivables	-	-	392,713	392,713
Available for sale investments	-	-	1,492	1,492
Held to maturity investments	16,014	-	-	16,014
Other financial assets	-	-	17,061	17,061
Derivatives	-	165	-	165
Total financial assets	382,321	165	411,266	793,752
Financial liabilities				
Payables	-	-	289,519	289,519
Interest bearing liabilities:				
Bank borrowings and loans	1,109,593	28,544	-	1,138,137
Senior notes	-	257,434	-	257,434
Eurobonds	-	554,976	-	554,976
Medium term notes	-	199,589	-	199,589
Finance lease liability	31,317	-	-	31,317
Redeemable preference shares (RPS)	-	166,282	-	166,282
Total interest bearing liabilities	1,140,910	1,206,825	-	2,347,735
Derivatives	86,360	4,088	-	90,448
Total financial liabilities	1,227,270	1,210,913	289,519	2,727,702

Company
As at 29 June 2008

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	680	-	-	680
Trade and other receivables	-	398,566	1,274,487	1,673,053
Total financial assets	680	398,566	1,274,487	1,673,733
Financial liabilities				
Payables	-	-	15,900	15,900
Total financial liabilities	-	-	15,900	15,900

Company
As at 1 July 2007

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	687	-	-	687
Trade and other receivables	-	398,566	1,356,325	1,754,891
Total financial assets	687	398,566	1,356,325	1,755,578
Financial liabilities				
Payables	-	-	14,640	14,640
Total financial liabilities	-	-	14,640	14,640

Sensitivity analysis

The table below shows the effect on net profit and equity after income tax if interest rates at balance date had been 10% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates. A 10% sensitivity would move short term interest rates at 29 June 2008 from around 7.82% to 8.60% representing a 78 basis point shift.

In 2008, 92% (2007: 92%) of the Group's debt, taking into account all underlying exposures and related hedges was denominated in Australian Dollars; therefore, only the movement in Australian interest rates is used in this sensitivity analysis.

Based on the sensitivity analysis, if interest rates were 10% higher, net profit would be impacted by the interest expense being higher on the Group's net floating rate Australian Dollar positions during the year.

	Impact on post-tax profit		Impact on equity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
If interest rates were 10% higher with all other variables held constant - increase/(decrease)	**(12,455)**	(2,759)	**(1,761)**	(1,427)
If interest rates were 10% lower with all other variables held constant - increase/(decrease)	**12,455**	2,759	**1,761**	1,427

(B) FOREIGN CURRENCY RISK

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

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

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

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

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

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

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

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

Refer to Note 16 for further details of the Group's derivative financial instruments and details of hedging activities.

Sensitivity analysis

The tables below show the effect on net profit and equity after income tax as at balance date from a 10% weaker/stronger base currency movement in exchange rates at that date on a total derivative portfolio with all other variables held constant.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for potential future movement. The Group's foreign currency risk from the Group's long term borrowings denominated in foreign currencies has no significant impact on profit from foreign currency movements as they are effectively hedged.

(a) AUD / NZD

Comparing the Australian Dollar exchange rate against the New Zealand Dollar, a 10% weaker Australian Dollar would result in an exchange rate of 1.1354 and a 10% stronger Australian Dollar in an exchange rate of 1.3878 based on the year end rate of 1.2616. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the New Zealand Dollar has traded in the range of 1.0421 to 1.2692.

	Impact on post-tax profit		Impact on equity (hedging reserves) *	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
If the AUD exchange rate was 10% weaker against the NZD with all other variables held constant - increase/(decrease)	**368**	903	**(26,392)**	(21,971)
If the AUD exchange rate was 10% stronger against the NZD with all other variables held constant - increase/(decrease)	**81**	(994)	**21,797**	17,976

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

(b) AUD / USD

Comparing the Australian Dollar exchange rate against the United States Dollar, a 10% weaker Australian Dollar would result in an exchange rate of 0.8645 and a 10% stronger Australian Dollar in an exchange rate of 1.0566 based on the year end rate of 0.9605. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the United States Dollar has traded in the range of 0.6339 to 0.9653.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
If the AUD exchange rate was 10% weaker against the USD with all other variables held constant - increase/(decrease)	**116**	-	**1,836**	782
If the AUD exchange rate was 10% stronger against the USD with all other variables held constant - increase/(decrease)	**(95)**	-	**(1,509)**	(602)

(c) AUD / EUR

Comparing the Australian Dollar exchange rate against the Euro, a 10% weaker Australian Dollar would result in an exchange rate of 0.5472 and a 10% stronger Australian Dollar in an exchange rate of 0.6688 based on the year end rate of 0.6080. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the Euro has traded in the range of 0.5607 to 0.6460.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Consolidated				
If the AUD exchange rate was 10% weaker against the Euro with all other variables held constant - increase/(decrease)	**-**	16	**(787)**	906
If the AUD exchange rate was 10% stronger against the Euro with all other variables held constant - increase/(decrease)	**(53)**	1	**643**	(755)

(d) NZD / EUR

Comparing the New Zealand Dollar exchange rate against the Euro, a 10% weaker New Zealand Dollar would result in an exchange rate of 0.4349 and a 10% stronger New Zealand Dollar in an exchange rate of 0.5316 based on the year end rate of 0.4833. This range is considered reasonable given over the last five years, the New Zealand Dollar exchange rate against the Euro has traded in the range of 0.4721 to 0.6127.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2008	2007	2008 *	2007 *
	$'000	$'000	$'000	$'000
Consolidated				
If the NZD exchange rate was 10% weaker against the Euro with all other variables held constant - increase/(decrease)	**-**	-	**923**	(393)
If the NZD exchange rate was 10% stronger against the Euro with all other variables held constant - increase/(decrease)	**-**	-	**(753)**	481

* Amounts disclosed in Australian Dollar terms

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

(C) CREDIT RISK

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

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

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

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

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

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

(D) LIQUIDITY RISK

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

To help reduce this risk the Group:

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

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

As at 29 June 2008	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(330,045)	-	-	-	(15,900)	-
Bank borrowings and loans	(101,272)	(513,356)	(640,431)	(27,178)	-	-
Notes and bonds	(72,787)	(72,787)	(972,424)	(512,577)	-	-
Finance lease liability	(7,847)	(8,144)	(26,397)	(22,023)	-	-
Redeemable Preference Shares (RPS)	(9,210)	(156,630)	-	-	-	-
Derivatives - inflows*						
Cross currency swaps - foreign leg (fixed)**	67,392	214,812	764,822	485,651	-	-
Cross currency swaps - foreign leg (variable)**	875	875	2,624	26,927	-	-
Forward foreign currency contracts **	139,721	-	-	-	-	-
Derivatives - outflows*						
Cross currency swaps - AUD leg (fixed)**	(32,703)	(205,950)	(256,549)	(154,866)	-	-
Cross currency swaps - AUD leg (variable)**	(51,758)	(51,758)	(522,428)	(194,354)	-	-
Cross currency swaps - NZD leg (variable)**	(22,632)	(22,632)	(67,897)	(293,491)	-	-
Forward foreign currency contracts **	(137,044)	-	-	-	-	-

As at 1 July 2007	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(289,519)	-	-	-	(14,640)	-
Bank borrowings and loans	(90,865)	(89,366)	(1,199,488)	(38,547)	-	-
Notes and bonds	(57,709)	(57,709)	(963,177)	(255,989)	-	-
Finance lease liability	(7,673)	(7,920)	(25,732)	(31,566)	-	-
Redeemable Preference Shares (RPS)	(10,776)	(10,776)	(180,168)	-	-	-
Derivatives - inflows*						
Cross currency swaps - foreign leg (fixed)**	54,754	54,754	924,394	255,989	-	-
Cross currency swaps - foreign leg (variable)**	-	-	-	-	-	-
Forward foreign currency contracts **	22,379	-	-	-	-	-
Derivatives - outflows*						
Cross currency swaps - AUD leg (fixed)**	(23,792)	(23,792)	(426,853)	-	-	-
Cross currency swaps - AUD leg (variable)**	(30,430)	(30,430)	(510,840)	-	-	-
Cross currency swaps - NZD leg (variable)**	(23,616)	(23,616)	(70,849)	(354,516)	-	-
Forward foreign currency contracts **	(24,227)	-	-	-	-	-

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

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

(E) FAIR VALUE

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

	Carrying value 2008 $'000	Fair value 2008 $'000	Carrying value 2007 $'000	Fair value 2007 $'000
Consolidated				
Financial assets				
Cash and cash equivalents	**93,864**	**93,864**	366,307	366,307
Receivables	**482,355**	**482,355**	392,713	392,713
Derivative assets	**62,936**	**62,936**	173	173
Available for sale investments	**3,547**	**3,547**	1,492	1,492
Held to maturity investments	**14,686**	**14,686**	16,014	16,014
Other financial assets	**122**	**122**	17,061	17,061
	657,510	**657,510**	793,760	793,760
Financial liabilities				
Payables	**330,045**	**330,045**	289,519	289,519
Interest bearing liabilities				
- bank borrowings	**1,047,411**	**1,047,411**	1,138,137	1,138,137
- Eurobonds	**570,249**	**573,296**	554,976	557,295
- senior notes	**519,676**	**522,280**	257,434	258,922
- medium term notes	**199,682**	**200,000**	199,589	200,000
- lease liability	**28,530**	**38,897**	31,317	41,398
- Redeemable Preference Shares (RPS)	**146,401**	**148,623**	166,282	169,496
Derivatives	**122,257**	**122,257**	91,792	91,792
	2,964,251	**2,982,809**	2,729,046	2,746,559
Company				
Financial assets				
Cash and cash equivalents	**680**	**680**	687	687
Receivables	**1,673,053**	**1,673,053**	1,754,891	1,754,891
	1,673,733	**1,673,733**	1,755,578	1,755,578
Financial liabilities				
Payables	**15,900**	**15,900**	14,640	14,640
	15,900	**15,900**	14,640	14,640

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

The fair value of the senior notes and lease liabilities have been calculated by discounting the future cash flows by interest rates for liabilities with similar risk profiles. The discount rates applied range from 5.75% to 13.38%.

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

39. Segment reporting

The economic entity operates predominantly in two geographic segments, Australia and New Zealand, and predominantly in one business segment, publishing.

The publishing business comprises news, information and entertainment publishing and advertising sales in newspaper, magazine and electronic formats.

(A) RESULTS BY GEOGRAPHIC SEGMENT

	Australia	New Zealand	Unallocated	Consolidated entity
	$'000	$'000	$'000	$'000
29 June 2008				
Segment revenue	2,322,100	586,863	25,044	2,934,007
Total revenue	2,322,100	586,863	25,044	2,934,007
Share of net profits of associates and joint ventures	8,493	242	-	8,735
Total segment revenue	2,330,593	587,105	25,044	2,942,742
Segment profit from continuing operations before income tax expense	498,738	211,310	25,044	735,092
Unallocated expenses	-	-	(211,919)	(211,919)
Net profit from continuing operations before income tax expense	498,738	211,310	(186,875)	523,173
Income tax expense	-	-	(135,683)	(135,683)
Net profit after income tax expense	498,738	211,310	(322,558)	387,490
Significant items, net of tax	8,427	-	-	8,427
Net profit after income tax expense excluding significant items	507,165	211,310	(322,558)	395,917
1 July 2007				
Segment revenue	1,614,488	558,292	5,760	2,178,540
Total revenue	1,614,488	558,292	5,760	2,178,540
Share of net profits of associates and joint ventures	2,659	302	-	2,961
Total segment revenue	1,617,147	558,594	5,760	2,181,501
Segment profit from continuing operations before income tax expense	255,731	193,696	5,759	455,186
Unallocated expenses (including PRESSES)	-	-	(116,964)	(116,964)
Net profit from continuing operations before tax	255,731	193,696	(111,205)	338,222
Income tax expense	-	-	(76,601)	(76,601)
Net profit after income tax expense	255,731	193,696	(187,806)	261,621
Significant items, net of tax*	7,260	-	-	7,260
Net profit after income tax expense excluding significant items	262,991	193,696	(187,806)	268,881

* Significant items at 1 July 2007 include minority interest share of $3.0 million.

(B) ASSETS AND LIABILITIES BY GEOGRAPHICAL SEGMENT

29 June 2008

	Australia $'000	New Zealand $'000	Consolidated entity $'000
Assets			
Segment assets	6,489,637	1,674,903	8,164,540
Unallocated assets			128,561
Total assets			8,293,101
Liabilities			
Segment liabilities	550,518	110,913	661,431
Unallocated liabilities			2,666,336
Total liabilities			3,327,767
Net assets			4,965,334

1 July 2007

	Australia $'000	New Zealand $'000	Consolidated entity $'000
Assets			
Segment assets	6,014,016	1,869,244	7,883,260
Unallocated assets			117,282
Total assets			8,000,542
Liabilities			
Segment liabilities	487,250	84,573	571,823
Unallocated liabilities			2,467,725
Total liabilities			3,039,548
Net assets			4,960,994

(C) OTHER DETAILED SEGMENT DISCLOSURES

	Australia 29 June 2008 $'000	New Zealand 29 June 2008 $'000	Australia 1 July 2007 $'000	New Zealand 1 July 2007 $'000
Equity method investments included in segment assets	**43,926**	**1,764**	16,332	2,146
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**115,508**	**34,540**	68,251	36,583
Depreciation	**73,764**	**10,930**	62,072	10,096
Amortisation	**20,367**	**3,234**	19,650	2,193
Non-cash expenses other than depreciation and amortisation	**97,345**	**13,302**	167,083	10,559

40. Events subsequent to balance sheet date

Subsequent to year end, NZ$45.2 million (A$35.2million) was paid to the previous owners of Trade Me Limited as part of the second year earn out agreement. A provision was recognised as at 29 June 2008 (refer Note 22) and has been accounted for as an additional acquisition cost and added to the carrying amount of the investment in Trade Me Limited as goodwill.

On 20 August 2008, the Company announced it had agreed to sell, subject to regulatory approvals, Southern Star Group Limited's 75% interest in UK based Carnival Film & Television Ltd together with certain library and distribution rights of Carnival productions currently held by Southern Star, for a total sale price of approximately £22.3 million. The proceeds are expected to recover the carrying values at balance date based on the preliminary purchase accounting.

Subsequent to year end, the Group announced a business improvement program and initiatives to improve the overall productivity and performance of the business. The restructure is expected to deliver around $50 million in annualised cost savings with approximately $25 million flowing in to the 2009 financial year. It is anticipated that there will be a one off cost in the 2009 financial year of approximately $50 million.

Directors' Declaration

In accordance with a resolution of the directors of Fairfax Media Limited, we state that:

1. In the opinion of the directors:
   (a) The financial report and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 29 June 2008 and of their performance for the period ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for financial period ended 29 June 2008.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 30 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

Ronald Walker
Chairman

David Kirk
Chief Executive Officer and Director

26 September 2008

Independent Auditor's Report to the Members of Fairfax Media Limited

ERNST & YOUNG

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Independent auditor's report to the members of Fairfax Media Limited

Report on the Financial Report

We have audited the accompanying financial report of Fairfax Media Limited, which comprises the balance sheet as at 29 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the period 2 July 2007 to 29 June 2008, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Independent Auditor's Report to the Members of Fairfax Media Limited

Auditor's Opinion

In our opinion:

1. the financial report of Fairfax Media Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Fairfax Media Limited and the consolidated entity at 29 June 2008 and of their performance for the period ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 21 of the directors' report for the period ended 29 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Fairfax Media Limited for the period ended 29 June 2008, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Christopher George
Partner
Sydney
26 September 2008

TWENTY LARGEST HOLDERS OF SECURITIES AT 4 SEPTEMBER 2008

	Number of securities	%
ORDINARY SHARES (FXJ)		
National Nominees Limited	220,373,027	14.56%
Marinya Media Pty Ltd	211,632,469	13.98%
J P Morgan Nominees Australia Limited	124,566,785	8.23%
HSBC Custody Nominees (Australia) Limited	99,331,265	6.56%
RBC Dexia Investor Services Australia Nominees Pty Limited <PIPOOLED A/C>	69,930,683	4.62%
Citicorp Nominees Pty Limited <CFS WSLE GEARED SHR FND A/C>	53,410,854	3.53%
Cogent Nominees Pty Limited	51,329,679	3.39%
ANZ Nominees Limited <CASH INCOME A/C>	35,984,128	2.38%
Citicorp Nominees Pty Limited	29,835,552	1.97%
Citicorp Nominees Pty Limited <CFS WSLE 452 AUST SHARE A/C>	19,061,605	1.26%
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	14,974,833	0.99%
RBC Dexia Investor Services Australia Nominees Pty Limited	13,073,715	0.86%
Citicorp Nominees Pty Limited <CFS WSLE IMPUTATION FND A/C>	10,226,846	0.68%
UBS Nominees Pty Ltd	10,007,763	0.66%
Australian Foundation Investment Company Limited	9,704,628	0.64%
Argo Investments Limited	9,661,961	0.64%
RBC Dexia Investor Services Australia Nominees Pty Limited <PIIC A/C>	9,229,651	0.61%
AMP Life Limited	9,209,774	0.61%
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 4 A/C>	8,607,719	0.57%
Citicorp Nominees Pty Limited <CFSIL CFSWS GEAR 452 AU A/C>	8,514,999	0.56%
	1,018,667,936	67.30%

STAPLED PREFERENCE SECURITIES (SPS) (FXJPB)		
J P Morgan Nominees Australia Limited	609,417	20.31%
National Nominees Limited	310,300	10.34%
Cogent Nominees Pty Limited <SMP ACCOUNTS>	249,076	8.30%
Pan Australian Nominees Pty Limited & Pan Australian Nominees Pty Limited	227,061	7.57%
Citicorp Nominees Pty Limited	165,772	5.53%
ANZ Nominees Limited <CASH INCOME A/C>	162,472	5.42%
Goldman Sachs JB Were Pty Ltd <LIQUIDITY PORTFOLIO A/C>	150,000	5.00%
HSBC Custody Nominees (Australia) Limited - A/C 3	95,774	3.19%
Citicorp Nominees Pty Limited <CFSIL CFS W S ENH YIELD A/C>	78,980	2.63%
RBC Dexia Investor Services Australia Nominees Pty Limited <GSENIP A/C>	66,158	2.21%
Questor Financial Services Limited <TPS RF A/C>	54,233	1.81%
Cogent Nominees Pty Limited	48,700	1.62%
Equity Trustees Limited <EQT HIGH INC WHOLESALE A/C>	25,750	0.86%
HSBC Custody Nominees (Australia) Limited	20,099	0.67%
Mleq Nominees Pty Limited <UNPAID1 A/C>	20,000	0.67%
CS Fourth Nominees Pty Ltd <UNPAID A/C>	18,500	0.62%
ANZ Trustees Limited <DIVERSIFIED INCOME CF1 A/C>	14,000	0.47%
Executor Trustee Australia Limited	13,380	0.45%
Perpetual Trustees Consolidated Limited <ALLIANCE A/C>	12,930	0.43%
Australian Executor Trustees Limited	10,940	0.36%
	2,353,542	78.45%

DEBENTURES		
National Financial Services Corp.	281	100

OPTIONS
There were no options exercisable at the end of the financial year.

SUBSTANTIAL SHAREHOLDERS
Substantial shareholders as shown in substantial shareholder notices received by the company as at 4 September 2008 are:

	Ordinary Shares
Marinya Media Pty Ltd	216,519,035
Perpetual Limited	111,919,395
Commonwealth Bank of Australia	111,604,183
Maple-Brown Abbott Limited	103,258,293
452 Capital Pty Limited	91,502,444
Portfolio Partners Limited and Aviva Group entities	47,144,759
Lazard Asset Management Pacific Co	76,230,110
National Australia Bank Limited Group	76,191,251

DISTRIBUTION SCHEDULE OF HOLDINGS AT 4 SEPTEMBER 2008

No. of securities	No. of ordinary shareholders	No. of SPS holders	No. of debenture holders	No. of option holders
1 - 1,000	11,904	895	1	-
1,001 - 5,000	24,742	98	-	-
5,001 - 10,000	7,692	26	-	-
10,001 - 100,000	5,577	4	-	-
100,001 and over	402	7	-	-
Total number of holders	50,317	1,030	1	-
Number of holders holding less than a marketable parcel	1,309	-	-	-

VOTING RIGHTS
Voting rights of ordinary shareholders are governed by Rules 5.8 and 5.9 of the Company's Constitution which provide that every member present personally or by proxy, attorney or representative shall on a show of hands have one vote and on a poll, shall have one vote for every share held. SPS, debentures and options do not carry any voting rights.

Five Year Performance Summary
Fairfax Media Limited and Controlled Entities

		AIFRS	AIFRS	AIFRS	AIFRS Restated	AGAAP
		2008	2007	2006	2005	2004
Total revenue	$m	2,934.0	2,178.5	1,909.9	1,880.2	1,783.0
Revenues from operations	$m	2,900.9	2,111.4	1,907.8	1,873.4	1,767.7
Earnings before depreciation, interest and tax (EBITDA)	$m	818.3	560.7	493.5	511.4	433.0
Depreciation	$m	108.3	111.3	79.8	80.1	85.3
Earnings before interest and tax	$m	710.0	449.4	413.7	431.3	347.7
Net interest expense	$m	186.9	111.2	97.1	76.6	71.9
Profit before tax	$m	523.2	338.2	316.6	354.7	275.8
Income tax expense/(benefit)	$m	135.7	76.6	88.5	90.8	(1.0)
Net profit attributable to members of the Company	$m	386.9	263.5	227.5	263.2	276.0
Net profit before significant items	$m	395.3	267.8	234.3	237.6	207.6
Total equity	$m	4,965.3	4,961.0	2,136.8	2,168.7	2,068.7
Total assets	$m	8,293.1	8,000.5	4,087.1	3,592.8	3,531.2
Total borrowings	$m	2,511.9	2,347.7	1,507.9	1,048.4	1,117.6
Number of shares and debentures	m	1,513.5	1,479.6	939.1	924.5	906.9
Number of shareholders		50,184	50,843	40,301	38,089	37,899
Number of PRESSES holders		-	-	-	5,835	5,984
Number of SPS holders		1,010	733	564	-	-
EBITDA to operating revenue	%	28.2	26.6	26.0	27.5	24.5
Basic earnings per share	cents	24.6	22.7	24.4	26.6	29.1
Basic earnings per share before significant items	cents	25.1	23.2	24.5	25.8	21.4
Operating cash flow per share	cents	27.7	24.7	30.7	37.2	24.1
Dividend per share	cents	20.0	20.0	19.5	23.5	16.5
Dividend payout ratio	%	81.3	88.1	79.9	88.3	56.7
Interest cover based on EBITDA before significant items	Times	4.4	5.3	5.1	6.5	6.3
Gearing	%	50.6	47.3	70.6	42.2	52.7
Return on equity	%	8.0	5.4	11.0	11.0	13.3

Directory
Fairfax Media Limited

ANNUAL GENERAL MEETING

The annual general meeting will be held at 10.30am on Thursday 13 November 2008 at the Palladium at Crown, Level 1, Crown Towers, 8 Whiteman Street, Southbank, Melbourne VIC 3006.

FINANCIAL CALENDAR

For financial year 2007/08

Books close for final dividend	2 September 2008
Final dividend paid	2 October 2008
Stapled preference security dividend	31 October 2008
Annual general meeting	13 November 2008

Estimated for financial year end 2008/09

Interim result and dividend announcement	February 2009
Books close for interim dividend	March 2009
Interim dividend paid	April 2009
Stapled preference security dividend	April 2009
Preliminary final result and dividend announcement	August 2009
Final dividend paid	October 2009
Stapled preference security dividend	October 2009
Annual general meeting	November 2009

COMPANY SECRETARY

Gail Hambly

REGISTERED OFFICE

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SHARE REGISTRY

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Sydney NSW 2000
Ph: 1300 888 062 (toll free within Australia)
Ph: +61 2 8280 7670
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

STOCK EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Stock Exchange - "FXJ". The Stapled Preference Securities (Fairfax SPS) are listed on the Australian Stock Exchange– "FXJPB".

The NZ redeemable preference shares are listed on the New Zealand Debt Exchange – "FXFFA".

WEBSITE

Corporate information and the Fairfax annual report can be found via the Company's website at www.fxj.com.au. The Company's family of websites can be accessed through www.fairfax.com.au.

IMPORTANT INFORMATION ABOUT THE FAIRFAX ANNUAL REPORT

A soft copy of the annual report is available at www.fxj.com.au. To obtain a hard copy of the report, contact Link Market Services - see contact details under Share Registry.

REMOVAL FROM ANNUAL REPORT MAILING LIST

Shareholders who do not wish to receive a copy of the annual report should advise Link Market Services Limited in writing, by fax or email - see Share Registry.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing.

DIRECT PAYMENT TO SHAREHOLDERS' ACCOUNTS

The Company pays dividends by direct credit to shareholders' bank accounts or participation in the Dividend Reinvestment Plan. The Company no longer issues cheques except in exceptional circumstances. A direct credit form can be downloaded or obtained from the Share Registry by going to **www.fxj.com.au** and clicking on **Shareholder Info Service,** or by contacting the Share Registry.

Payments are electronically credited on the dividend date and confirmed by a mailed payment advice. Shareholders are advised to notify the Share Registry (although it is not obligatory) of their tax file number so that dividends can be paid without tax being withheld.

Publications and Websites

FAIRFAX MEDIA

AUSTRALIAN PUBLICATIONS

Metropolitan Newspapers

The Sydney Morning Herald
The Sun-Herald
The Age
The Sunday Age
The Canberra Times

Community Newspapers (NSW)

The Herald –Newcastle
Illawarra Mercury
Central Coast Sun Weekly
Lakes Mail
Port Stephens Examiner
Wollongong Advertiser
St George & Sutherland Shire Leader
Cooks River Valley Times
Auburn Review
The Campbelltown Macarthur Advertiser
Camden Advertiser
Wollondilly Advertiser
Fairfield City Champion
Liverpool City Champion
Bankstown-Canterbury Torch
Blacktown City Sun
Parramatta Sun
Penrith City Star
St Mary's Star
Hills News
South Western Rural
Northern News
Sun Guardian

Community Newspapers (VIC)

Melbourne Weekly Magazine
The Melbourne Times
Melbourne Weekly Bayside
Emerald Hill Weekly
Melbourne Weekly Eastern
Heidelberg & Diamond Valley Weekly
Northern Weekly
Hume Weekly
(Melbourne's Weekly Magazine)
CITY
Knox Journal
Maroondah / Yarra Ranges Journal
The Journal
Monash Journal
Cranbourne Journal
Berwick / Pakenham Journal
Macedon Ranges / Sunbury Telegraph
Werribee Banner / Point Cook Banner
Moreland Community News
Moonee Valley Community News
The Mail /Altona Laverton Mail/ Williamstown Advertiser
Melton / Moorabool Express Telegraph
The Advocate / North-West Advocate
Frankston / Hastings Independent
Mornington and South Peninsula Mail
Chelsea, Mordialloc, Mentone Independent
Holiday Magazine
Holiday Bass Coast & Gippsland

Regional Publishing (NSW)

Armidale Express
Armidale Express Extra
Armidale: InTune Magazine
Batemans Bay Post/Moruya Examiner
Bathurst Western Advocate
Bathurst Western Times
Bega District News
Bellingen Shire Courier Sun
Blayney Chronicle
Blue Mountains Gazette
Blue Mountains Wonderland
Bombala Times
Boorowa News
Border News
Bowral Highlands Post
Bowral: Property Press
Bowral: Southern Highland News
Braidwood Tallaganda Times
Camden Haven Courier
Canowindra News
Central Western Daily
Cessnock Advertiser
Cobar Age
Coffs Harbour Independent
Coleambally: Colypoint Observer
Colour World
Cooma Monaro Express/Jindabyne Summit Sun
Cootamundra Herald
Country Leader
Cowra Guardian
Crookwell Gazette
Daily Liberal
Dubbo Daily Liberal
Dubbo Mailbox Shopper
Dungog Chronicle
Eastern Riverina Observer
Eden Imlay Magnet
Eurobodalla Shire Independent
Eurobodalla TV Guide
Express Extra
Forbes Advocate
Forster: Great Lakes Advocate
Gilgandra Weekly
Glen Innes Examiner
Gloucester Advocate
Goodiwindi Argus
Goulburn Post
Goulburn: The Post Weekly
Great Lakes Advocate
Grenfell Record
Griffith: The Area News
Guyra Argus
Harden Murrumburrah Express
Hastings Gazette
Hawkesbury Courier
Hawkesbury Gazette
Henty: Eastern Riverina Chronicle
Hunter Valley News
Hunter Valley Town + Country
Junee: Southern Cross
Inverell Times
Kempsey: Macleay Argus
Kempsey: Macleay Valley Happenings
Laurieton: Camden Haven Courier
Leeton: The Irrigator
Lightning Ridge News
Lithgow Mercury
Macksville: Midcoast Observer
Macleay Argus
Macleay Valley Happynings
Mailbox Shopper
Maitland: Lower Hunter Star
Maitland Mercury
Manning Great Lakes Extra
Manning River Times
Merimbula News Weekly
Midcoast Happenings
Midstate Observer
Moree: Border News
Moree Champion
Moruya Examiner
Mudgee Guardian
Mudgee Weekly
Muswellbrook Chronicle
Muswellbrook: Hunter Valley News
Nambucca Guardian News
Nambucca Heads: Hibiscus Happynings
Narooma News
Narromine News
Newcastle Star
News of the Area
Newsweekly
North Coast SeniorLifestyle
North Coast Town + Country Magazine
Northern Daily Leader
Nowra: Shoalhaven + Nowra News
Nowra: South Coast Register
Nyngan Observer
Oberon Review
Orange Central Western Daily
Orange Midstate Observer
Parkes Champion Post
Port Macquarie Express
Port Macquarie News
Port Macquarie: Hastings Happenings
Queanbeyan Age
Sapphire Coaster
Scone Advocate
Shoalhaven and Nowra News
Singleton Argus
Snowy Times
South Coast Register
South Coast Senior Lifestyle
South Coast Weekly
South East Town + Country
Southern Weekly Magazine
Summit Sun
Sussex Inlet Times
Tallaganda Times
Tamworth: Northern Daily Leader
Tamworth Times
Taree: Manning Great Lakes Extra
Taree: Manning River Times
Tea Gardens/Hawks Nest: NOTA
Tenterfield Star
The Australian Senior
The Magnet

Publications and Websites

The Rural
Thornton: Weekend Hunter Star
Town & Country
Ulladulla: Milton Ulladulla Times
Upper Hunter TV Guide
Wauchope: Hastings Gazette
Wagga Wagga: Daily Advertiser
Wagga Wagga: Weekend Advertiser
Wagga Wagga: The Rural
Wagga Wagga: The Riverina Leader
Walcha News
Warren Advocate
Wellington Times
Western Advocate
Western Times
Western Magazine
Wingham Chronicle
Yass Tribune
Young Witness

Regional Publishing (VIC, TAS, SA, WA)

Ararat Advertiser
Ballarat Courier
Ballarat News
Bendigo Advertiser
Bendigo Miner
Colac Extra
Corangamite Extra
Country Mail – Albury/Wodonga
Gippsland Farmer
Gippsland Times
Gippsland Times
Hepburn Shire Advocate
Latrobe Valley Express
Moe & Narracan News
Morwell Press Centre
Stawell Times News
The Border Mail, Albury/Wodonga
The Express – Albury/Wodonga
The Great Southern Tourist News - Victoria
The Moyne Gazette
The Warrnambool Extra
The Warrnambool Standard
Traralgon Journal
Wimmera Mail Times
East Coast & Diary News
Launceston Advertiser
Launceston Examiner
Meander Valley News
Northern Midlands Community News
Sunday Examiner, Tasmania
Tamar Community Times
Tasmanian Independent Publishing
Tasmanian Travelways
Central Coast Times, Burnie
Devonport Times
The Advocate, Burnie
Western Herald, North West Tasmania
Barossa and Light Herald
Eyre Peninsula Tribune, Cleve
Flinders News, SA
Murray Valley Standard
On The Coast, Victor Harbor
Port Lincoln Times
Roxby Downs Sun
The Islander, Kangaroo Island
The Northern Argus, Clare Valley
The Recorder, Port Pirie
The Transcontinental, Port Augusta
Victor Harbor Times
West Coast Sentinel, Ceduna
Whyalla News
Augusta Margaret River Mail
Avon Advocate, Northam
Bunbury Mail
Busselton-Dunsborough Mail
Central Districts Advocate, Northam
Collie Mail
Donnybrook Bridgetown Mail
Esperance Express
Golden Mail, Kalgoorlie
Harvey Mail
Mandurah Mail
Merredin-Wheatbelt Mercury
Murray Mail
Senior Post, WA
The Wagin Argus
Xpress Magazine, WA

Agricultural and Queensland Regional Publishing

<u>National</u>
Australasian Flowers
Australian Cotton Outlook
Australian Dairyfarmer
Australian Farm Journal
Australian Horticulture
Australian Landcare
Australian Nursery Manager
Country Music Capital News
Dairy Info. Guide
Directory of Australian Country Music
Flower Register
Good Fruit + Vegetables
Horse Deals
Hortguide
Irrigation and Water Resources
Lotfeeding
National GrapeGrowers and Vignerons
Official Guide to Tamworth Country Music Festival
Turfcraft

<u>New South Wales</u>
Farm Equipment Trader
Farming Small Areas
NSW Ag Today
The Land

<u>Queensland</u>
North Queensland Register
Queensland Country Life
Queensland Grains Outlook
Queensland Smart Farmer

<u>South Australia</u>
Smart Farmer
Stock Journal
The Grower

<u>Victoria</u>
Stock and Land

<u>Western Australia</u>
Farm Weekly
Ripe

<u>Field Days and Events</u>
Commonwealth Bank Ag-Quip
Elders FarmFest
Farming Small Areas Expo
Hunks and Spunks
Murrumbidgee Farm Fair
Northern and Southern Beef Weeks
NSW Beef Spectacular
Pro-Ag
Queensland Country Life Beef Week
Star Maker Quest
Tamworth Country Music Festival

<u>New Zealand Agricultural Publishing</u>
Ag Trader
Horticulture News
Lifestyle Farmer
New Zealand Grapegrower
Straight Furrow
The Dairyman

<u>Field Days</u>
Central District Field Days

<u>Queensland Regional Publishing</u>
d'fine Redland Lifestyle
Goondiwindi Argus
Senior Lifestyle Bayside
Southern Bay News
The Bayside Bulletin
The Northwest Star
The Redlands Directory
The Redland Times

<u>USA Agricultural Publications</u>
American Agriculturist
Californian Farmer
Carolina-Virginia Farmer
Dakota Farmer
Direct-fed Microbila, Enzyme + Forage Additive Compendium
The Farmer
The Farmer-Stockman
Feedstuffs
Feed Additive Compendium Annual
Feedstuffs Reference Issue
Farm Futures
Indiana Prairie Farmer
Kansas Farmer
Michigan Farmer
Mid-South Farmer
Missouri Ruralist
Nebraska Farmer
Ohio Farmer
Prairie Farmer
Southern Farmer
Tack 'n' Togs
Wallaces Farmer (Iowa)
Western Farmer-Stockman
Wisconsin Agriculturist

<u>Farm Shows</u>
Farm Progress Show
Hay Expo
Husker Harvest Days
New York Farm Show

Publications and Websites

TRADEME

www.trademe.co.nz
www.trademeproperty.co.nz
www.trademejobs.co.nz
www.trademotors.co.nz
www.travelbug.co.nz
www.findsomeone.co.nz
www.findsomeone.com.au
www.findsomeone.ca
www.safetrader.co.nz
www.smaps.co.nz

FAIRFAX BUSINESS MEDIA

Australia Publications

The Australian Financial Review
The Australian Financial Review – Weekend Edition
AFR BOSS
The Australaian Financial Review Magazine
AFR Smart Investor
Life&LeisureLuxury
Life & Leisure The Sophisticated Traveller
Asset
BRW
CFO
MIS Australia

Online

www.afr.com
www.afrmarketwrap.com
www.brw.com.au
www.misaustralia.com
www.afrsmartinvestor.com.au
www.afrmagazine.com
www.afrboss.com
www.cfoweb.com.au
www.assetmag.com.au

Data

Connect4
MarketBase
AssetLink
Fairfax Business Research

Education

Financial Essentials

Asia Publications

MIS Asia
MIS Asia 100
Strategic 100
CIO Asia
Computerworld Singapore
Computerworld Malaysia

Asia On-line

www.mis-asia.com

New Zealand Publications

CIO
Computerworld
NZ Gear Guide
NZ PCWorld
Resellernews
MIS100

New Zealand On-line

www.cio.co.nz
www.computerworld.co.nz
www.jobuniverse.co.nz
www.pcworld.co.nz
www.reseller.co.nz

FAIRFAX RADIO NETWORK

Metropolitan News Talk

2UE Sydney
3AW Melbourne
4BC Brisbane
6PR Perth

Metropolitan Music

Magic 1278 Melbourne
4BH Brisbane
96fm Perth

Regional

4BU & Hitz FM Bundaberg
5RM & Magic FM the Riverland
5CC & Magic FM Port Lincoln
5AU / 5CS & Magic FM Spencer Gulf

Narrowcast

KIX AM / FM Bundaberg
Hervey Bay, Maryborough, Gladstone, Rockhampton, Mackay, Townsville, Emerald,the Coalfields, Spencer Gulf, the Claire Valley, Port Lincoln and the Riverland

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News

www.smh.com.au
www.Theage.com.au
www.Brisbanetimes.com.au
www.WAtoday.com.au
www.Sunherald.com.au

Fairfax Digital Regional Network

(formerly Yourguide.com.au)

www.farmonline.com.au
www.lifeislocal.com.au
www.ruralpress.com
www.agquip.com.au
www.autoguide.com.au
www.businessquickfind.com.au
www.buyersguide.com.au
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www.examiner.com.au
www.farmonline.com.au
www.farmprogress.com
www.feedstuffs.com
www.fridaymag.com.au
www.holidaysaway.net
www.jobsguide.com.au
www.lifestyle-farmer.co.nz
www.localdirectory.com.au
www.plantorder.com
www.propertyguide.com.au
www.river949.com.au
www.rpinteractive.com.au
www.ruralbookshop.com.au
www.ruralpropertyguide.com.au
www.ruralpresssales.com
www.tackntogs.com
www.yourguide.com.au

Business and Finance

www.Businessday.com.au
www.Mysmallbusiness.com.au
www.Investsmart.com.au
www.Tradingroom.com.au
www.Moneymanafger.com.au
www.Execstyle.com.au

Lifestyle and Entertainment

www.Cuisine.com.au
www.Birsbanetimes.com.au/goodfoodguide
www.Essentialbaby.com.au
www.Thevine.com.au

Sport

www.Rugbyheaven.com.au
www.Realfooty.com.au
wwwLeaguehq.com.au

Travel/Accommodation

www.stayz.com.au

Property

www.Domain.com.au
www.apm.com.au (Australian Property Monitors)

Publications and Websites

Automotive

www.Drive.com.au
www.Countrycars.com.au
www.Autoguide.com.au

Dating

www.rsvp.com.au

Employment

www.mycareer.com.au
www.thebigchair.com.au

Video

Fairfax Digital Video

FAIRFAX MAGAZINES

Good Weekend
Sunday Life
the(sydney)magazine
theage(melbourne)magazine
Travel + Leisure Australia
Television

Style HQ Collection – Custom Publishing

The Chase
Fashion Capital
Queens Plaza

FAIRFAX NEW ZEALAND

Metropolitan Newspapers

The Dominion Post
The Christchurch Press
Waikato Times

Regional Newspapers

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

National Newspapers

Sunday Star-Times
Sunday News
Turf Digest, Best Bets
The Independent

Community Newspapers

<u>Auckland & Northland Community Newspapers</u>
Auckland City Harbour News
Central Leader
Dargaville & Districts News
East & Bays Courier
Eastern Courier
Look North
Manukau Courier
North Harbour News
North Shore Times
Northern News
Nor-West News
Papakura Courier
Rodney Times
The Bay Chronicle
Waiheke MarketPlace
Western Leader
Whangarei Leader

<u>Waikato/Bay of Plenty/Hawke's Bay Community Newspapers</u>
Cambridge Edition
Franklin County News
Hamilton Press
Hauraki Herald
HB Country Scene
Matamata Chronicle
North Waikato News
Piako Post
Rotorua Review
Ruapehu Press
Rural Delivery
South Waikato News
Taupo Times
The Hastings Mail
The Napier Mail
Urban & Country

<u>Taranaki/Manawatu Community Newspapers</u>
Central District Times
Central Districts Farmer
Feilding Herald
North Taranaki Midweek
Rangitikei Mail
South Taranaki Star
The Tribune

<u>Wellington Community Newspapers</u>
Horowhenua Mail
Kapi-Mana News
Kapiti Observer
The Hutt News
The Wellingtonian
Upper Hutt Leader
Wairarapa News
The New Zealander (International)

<u>South Island Community Newspapers</u>
Central Canterbury News
Clutha Leader
D-Scene
High Country Herald
Kaikoura Star
Motueka-Golden Bay News
Newslink
Otago Southland Farmer
Mid Canterbury Herald
Taieri Herald
The Christchurch Mail
The Invercargill Eye
The Leader – Nelson City Leader
The Leader – Richmond & Waimea Leader
The Marlborough Midweek
The Mirror
The Northern Outlook
The Saturday Express
Waitaki Herald

Websites

www.stuff.co.nz
www.rugbyheaven.co.nz
www.businessday.co.nz
www.nzx.com
www.cuisine.co.nz
www.nzhouseandgarden.co.nz
www.nzgardener.co.nz

Real Estate and Motoring

Auto Xtra
Location – Waikato Edition
North Shore & Hibiscus Coast Homes
Outlook Real Estate
Property Weekly South Eastern Otago
Southern Homes
West & Central Homes

Magazines

Alive
Avenues
Boating New Zealand
Cuisine
Fish & Game New Zealand
New Zealand Fishing News
New Zealand Gardener
New Zealand Growing Today
New Zealand Horse & Pony
New Zealand Trucking
NZ Autocar
NZ House & Garden
NZ Life & Leisure
Real
Sky Sport The Magazine
Stars (host Sunday News)
Sunday (host Sunday Star-Times)
The Cut
The TV Guide
Truck & Machinery Trader
World
Your Weekend