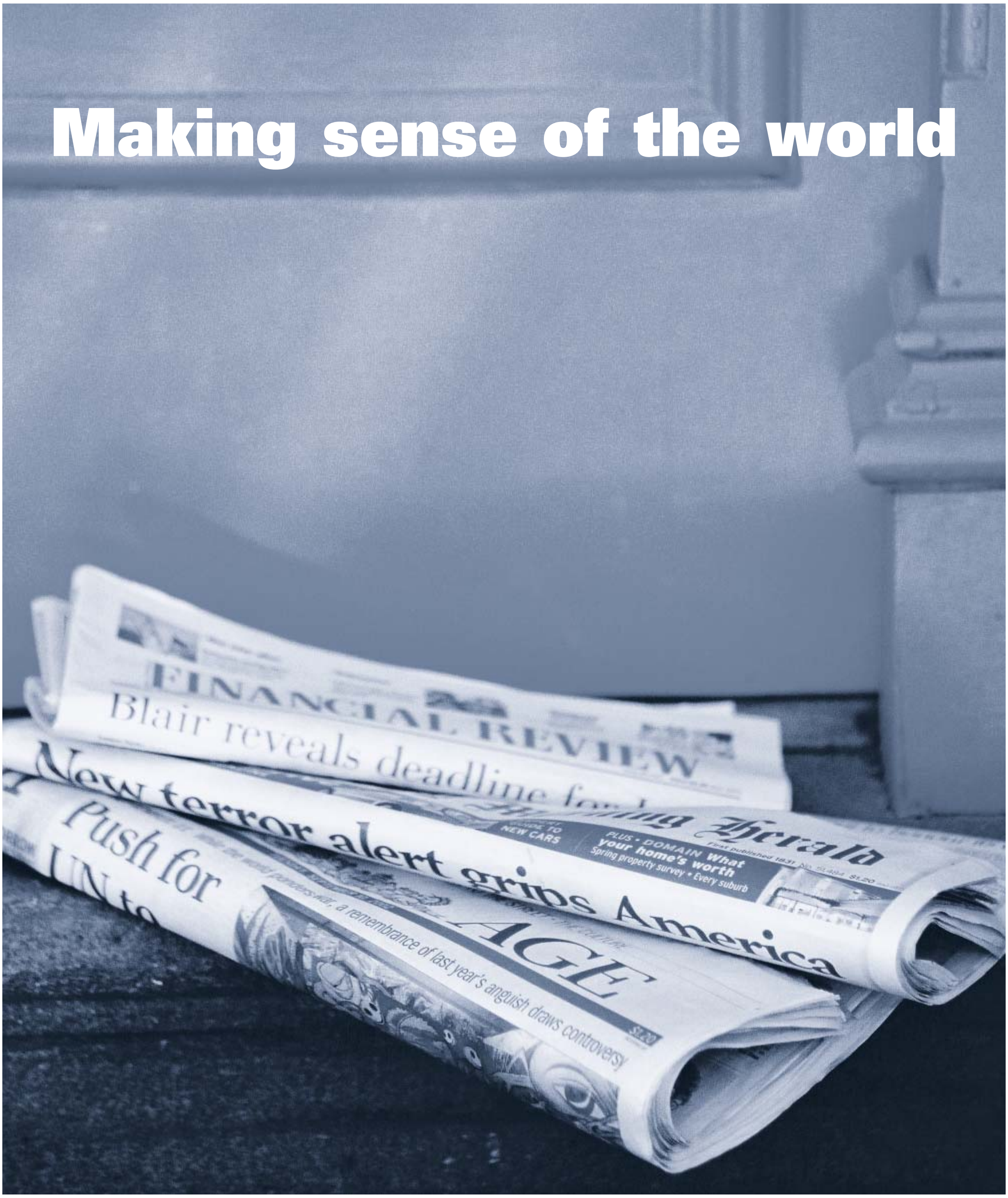
FairfaxReport

JOHN FAIRFAX HOLDINGS LIMITED ABN 15 008 663 161 www.fxj.com.au

Fairfax Full Financial Report 2002

for the year ended 30 June 2002



Financial Directory

Directors' Report

The directors present their report together with the financial report of John Fairfax Holdings Limited (the Company) and of the consolidated entity, being the Company and its controlled entities for the year ended 30 June 2002 and the auditor's report thereon.

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

- Mr Brian Powers
  Non-Executive Chairman
- Mr Jonathan Pinshaw
  Non-Executive Director
- Mr Mark Burrows
  Non-Executive Director
- Sir Roderick Carnegie
  Non-Executive Director
- Mr David Gonski
  Non-Executive Director
- Mr Frederick G. Hilmer
  Chief Executive Officer
- Mrs Julia King
  Non-Executive Director
- Mr Dean Wills
  Non-Executive Director

All present directors were in office throughout the financial year and up to the date of this report.

Mr. David Shein resigned from the Board on 18 September 2001.

A profile of each director is included on page 6 of the Company's Concise Report.

Corporate structure

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

Principal activities

The principal activities of the consolidated entity during the course of the financial year were news, information and entertainment publishing and advertising sales in newspaper, magazine and electronic formats. Other internet businesses include news and classified and CitySearch Directories.

During the financial year the consolidated entity sold its online city guide business, CitySearch Australia and CitySearch Canberra. Also during the year, the consolidated entity decided to close down its CitySearch print directories. No other significant change in the nature of activities took place during the year.

Consolidated result

The consolidated profit attributable to the consolidated entity for the financial year was $53,660,000 (2001: $128,069,000).

Dividends

A final fully franked dividend of 7.0 cents per ordinary share and debenture in respect of the year ended 30 June 2001 was paid on 17 October 2001. This dividend was shown as approved in the previous annual report.

An interim fully franked dividend of 4.5 cents per ordinary share and debenture in respect of the year ended 30 June 2002 was paid on 16 March 2002.

The Board has approved a final fully franked dividend of 7.0 cents per ordinary share and debenture in respect of the year ended 30 June 2002 to be paid on 17 October 2002.

The first fully franked PRESSES dividend of $3.3159 was paid on 12 June 2002.

Review of operations

A review of the operations of the consolidated entity for the financial year is set out on pages 7 to 10 of the Concise Report.

Significant change in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or elsewhere in the Concise Report.

Subsequent events

From the end of the financial year to the date of this report, no transaction or event has arisen that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

Likely developments and expected results

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, to do so would prejudice the interests of the consolidated entity.

Environmental regulation and performance

Several years ago, the Company initiated investigations by an independent expert in order to audit and report annually with recommendations concerning performance in relation to environmental regulation. Recommendations resulting from these annual audits and reports have been, or are being, implemented and performance against them is reviewed. No material non-compliances with environmental regulation have been identified in any annual report, including the report relating to the current year. The Company is committed to best practice in this area and where non-material aspects of the Company's operations have been identified for further attention, and particular recommendations about these areas have been made these recommendations are being implemented. For further information on Fairfax and the environment see page 9 of the Concise Report.

Rounding

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

Directors' Report

Directors' interests

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

Director	Fully Paid Ordinary Shares	PRESSES	Fully Paid Debentures	Options Over Ordinary Shares
BM Powers	273,689	–	–	–
JS Pinshaw	27,311	–	–	–
M Burrows	10,934	–	–	–
Sir R Carnegie	15,022	–	–	–
DM Gonski	20,934	–	–	–
FG Hilmer	92,890	180	–	3,500,000
JM King	19,922	180	–	–
DR Wills	35,022	–	–	–

Options

Details of options on issue at 30 June 2002 and movements in options during the financial year are included in Note 18 of the Full Financial Report.

At the date of this report, total unissued ordinary shares under options granted by the Company were 11,223,000. There are no unissued shares under option as at the date of this report other than those referred to above. These options do not entitle the holder to participate in any share issue of any other body corporate. From 1 July 2002 to the date of this report, no options over ordinary shares were granted, no shares were issued by virtue of the exercise of options and 80,000 options were cancelled due to the expiration of their term.

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 to the extent allowed by the Corporations Act 2001 against liabilities incurred by them in their respective capacities in successfully defending proceedings against them.

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

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

Directors' meetings

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

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
Director	No. Held*	No. Attended	No. Held*	No. Attended	No. Held*	No. Attended	No. Held*	No. Attended
BM Powers	9	9	3	3	–	–	–	–
JS Pinshaw	9	9	3	3	–	–	–	–
M Burrows	9	9	3	2	–	–	–	–
Sir R Carnegie	9	9	–	–	–	–	1	1
DM Gonski	9	9	3	3	–	–	–	–
FG Hilmer**	9	9	3	3	–	–	1	1
JM King	9	9	–	–	–	–	1	1
DA Shein***	2	2	–	–	–	–	–	–
DR Wills	9	9	–	–	–	–	1	1

* Reflects the number of meetings held during the time the director held office during the year.
** F G Hilmer attended Audit & Risk and Remuneration Committee Meetings as an invitee of the Committees.
***Resigned 18 September 2001.

Directors' Report

Directors' and other officers' emoluments

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

Emoluments of directors for the financial year are as follows:

Directors	Directors' Fees $	Audit & Risk Committee Fees $	Base Salary $	Bonus $	Other (Including Superannuation) $	Total Emoluments $
BM Powers	120,000	5,000	–	–	15,400	140,400
JS Pinshaw	90,000	5,000	–	–	7,600	102,600
M Burrows	55,000	5,000	–	–	4,800	64,800
Sir R Carnegie	55,000	–	–	–	4,400	59,400
DM Gonski	55,000	5,000	–	–	4,800	64,800
FG Hilmer	–	–	1,021,503	100,000	87,808	1,209,311
JM King	55,000	–	–	–	34,037**	89,037
DA Shein*	18,334	–	–	–	1,467	19,801
DR Wills	55,000	–	–	–	4,400	59,400

* Resigned 18 September 2001.
** Includes prior year superannuation adjustments.

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

Executive	Base Salary $	Shares* $	Bonus $	Other (Including Superannuation) $	Total Emoluments $
G Hywood, Publisher *The Age*	411,919	50,000	27,500	93,366	582,785
N Dews, CEO f2	427,464	–	35,000	84,220	546,684
M Bayliss, Chief Financial Officer	404,494	–	37,500	100,588	542,582
A Revell, Publisher *Herald Publications*	365,719	–	27,500	49,433	442,652
P Graham, Group Operations	270,606	74,997	70,000	21,603	437,206

* Remuneration includes the fair value of shares allocated to Executives during the year. Remuneration excludes shares allocated during the year in lieu of bonuses accrued in the prior year. The fair value of shares issued is calculated based on the share price on the day the shares were allocated to the employee. There were no shares granted to Directors as part of their remumeration during the year. There were no options granted to Executives or Directors as part of their remuneration during the year. Refer to Note 29 for further details. Prior year comparatives included in Note 29 have been restated to include the value of options and shares issued during the year ended 30 June 2001.

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

Jonathan S. Pinshaw
Chairman
Finance and Audit Committee

Frederick G. Hilmer
Chief Executive Officer
and Director

Sydney, 19 September 2002

Corporate Governance

Role of the Board

The Board of Directors is responsible for the long term growth and profitability of the corporate entity. It sets strategic direction, approves performance targets, monitors management achievements, provides overall policy guidance and ensures that policies and procedures for corporate governance and risk management are in place to ensure shareholder funds are prudently managed and the Company meets its regulatory obligations. The Board has the following three committees which assist it to carry out its duties:

- Audit and Risk.
- Nominations.
- Remuneration.

Composition of the Board

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

The qualifications and other details of each member of the Board are set out on page 6 of the Concise Financial Report.

At the date of this report the Board comprises eight directors. Except for the Chief Executive all directors (including the Chairman) are independent non-executive directors.

The Constitution requires that the Board have a minimum of three directors and maximum of twelve or such lower number as the Board may determine from time to time.

The Board has resolved that presently the maximum number of directors is eight.

The Company's Constitution authorises the Board to appoint directors to vacancies on the Board and to elect the Chairman. One-third of directors (rounded down to the nearest whole number) must retire at every annual general meeting. Other than the Chief Executive, 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.

If the Board considers that it would benefit from the services and skills of a new director, the Nominations Committee reviews candidates whose names may be put forward by any director. The Committee may also seek expert external advice on suitable candidates.

The Nominations Committee uses the following principles to recommend candidates and provide advice and recommendations to the Board for final decision:

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

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

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

Directors' Dealings in Company Shares

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

Company policy and the law prohibit dealing in Company shares by directors or employees in possession of price-sensitive information.

Further details of directors' and senior executives' remuneration are set out in the Directors' Report and the notes to the Full Financial Report.

Audit and Risk Committee

The Board has had an Audit Committee since 1992. The Committee operates in accordance with a written Charter which sets out its role and functions 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 for Board approval and oversees the key finance and treasury functions.
- Formulates and oversees an effective business risk plan.
- Ensures that appropriate policies and procedures are in place with the goal to ensure compliance with all regulatory requirements.
- Monitors the entity's compliance with regulatory and ethical requirements.
- Ensures there is an appropriate framework for compliance with all legal and Australian Stock Exchange requirements.
- Reviews the audit process with the auditor (including in the absence of management) to ensure full and frank discussion of audit issues.

		Committee Membership		
Director	Membership Type	Audit	Nomination	Remuneration
BM Powers	Chairman – Non-Executive	Member	Chair	–
JS Pinshaw	Deputy Chairman – Non-Executive	Chair	Member	–
FG Hilmer	CEO	*	–	*
M Burrows	Non-Executive	Member	–	–
Sir Roderick Carnegie	Non-Executive	–	–	Member
DM Gonski	Non-Executive	Member	–	–
JM King	Non-Executive	–	Member	Chair
DR Wills	Non-Executive	–	Member	Member

* The Chief Executive Officer attends on invitation of the committee.

Corporate Governance

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

The Chair of the Committee is authorised to engage such external expert advice and obtain assistance and information from officers of the Group as is reasonably required from time to time.

Charter of Audit Independence

The Board has also adopted a Charter of Audit Independence.

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. An independent statutory auditor is fundamental to sound corporate governance within the Company. It should provide shareholders with reliable, open financial reports on which to base their investment decisions. The Charter sets out key commitments by the Board and procedures to be followed by the Audit and Risk Committee and management to provide a proper framework of audit independence.

To promote audit quality, and to allow for an 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 auditors and non-audit fees above a fixed minimum level require the approval of the Chairman of the Audit and Risk Committee.

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

The Audit and Risk Committee requires the auditor to confirm annually that it has complied with all professional regulations and guidelines issued by the Australian accounting profession relating to auditor independence and to confirm that the auditor has no financial or material business interests in the Company outside of the supply of professional services.

Disclosure Policy

The Company has a regime in place to ensure that shareholders have proper access to material information, including the following principles:

- the Company fully complies with all ASX continuous disclosure obligations;
- only authorised spokespersons may communicate on behalf of the Company with analysts, investors or the media;
- all material information issued to ASX is published on the Company's website including Financial Reports, analyst presentations and media releases;
- the Company Secretary is responsible for communication with ASX. In her absence, the Manager, Corporate Affairs is the contact.

Internal Control Framework

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

- Financial reporting – there is a comprehensive budget process with the annual budget approved by the directors. Weekly and monthly results are reported against budget. The consolidated entity reports to shareholders half-yearly.
- Operating unit controls – financial controls and procedures including information systems controls are set out in procedures manuals. Management reports on material business issues to the Board at regular Board meetings.
- Investment appraisal – the consolidated entity has defined guidelines for capital expenditure and contract negotiations. These include annual budgets, appraisal and review procedures, levels of authority and due diligence requirements where assets are being acquired or divested.
- Treasury policy – the policy sets out procedures for the management of foreign currency and interest rate exposure, liquidity and credit risks. This policy restricts transactions to those for hedging purposes only and segregates implementation of transactions from account monitoring and settlement.

Under the direction of the Audit and Risk Committee, management has established a Business Risk Group. Assisted by external experts, that Group undertakes regular reviews of business risk across the consolidated entity and is responsible for development and review of the Group's Business Risk Plan.

Procedures for Establishing and Reviewing Remuneration Arrangements

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

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

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

Ethical Standards

All directors, managers and employees are expected to act with integrity and ethical standards. The Company has documented policies on equal opportunity and standards of workplace behaviour which are communicated to employees at the time of employment and reinforced by employee training programmes.

Statement of Financial Performance

for the year ended 30 June 2002

John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Revenues from ordinary activities, excluding interest income	2	**1,191,273**	1,320,545	**162,053**	130,504
Share of net profits/(losses) of associates	2	**(881)**	5,277	**–**	–
Expenses from ordinary activities, excluding depreciation and borrowing costs	3	**(1,001,756)**	(1,025,997)	**(65,097)**	(58,836)
Profit from ordinary activities before depreciation, interest income, borrowing costs and income tax		**188,636**	299,825	**96,956**	71,668
Depreciation and amortisation	3	**(67,070)**	(65,172)	**(6,027)**	(1,736)
Profit from ordinary activities before interest income, borrowing costs and income tax		**121,566**	234,653	**90,929**	69,932
Interest income	2	**6,492**	1,882	**124,147**	127,271
Borrowing costs	3	**(36,212)**	(45,733)	**(105,569)**	(108,635)
Profit from ordinary activities before income tax expense		**91,846**	190,802	**109,507**	88,568
Income tax (expense) relating to ordinary activities	4	**(38,186)**	(62,733)	**(9,385)**	(5,519)
Net profit attributable to members of the Company*	20	**53,660**	128,069	**100,122**	83,049
Net (decrease) in asset revaluation reserve	19	**–**	(125)	**–**	–
Net exchange difference on translation of financial report of foreign controlled entities	19	**24**	(214)	**–**	–
Total revenues, expenses and valuation adjustments attributable to members of the Company and recognised directly into equity		**24**	(339)	**–**	–
Total changes in equity other than those resulting from transactions with owners		**53,684**	127,730	**100,122**	83,049
Basic earnings per share (cents)	21	**6.17**	17.51		
Diluted earnings per share (cents)	21	**6.16**	17.46		
***Net profit attributable to members of the Company comprises:**					
Ongoing operations		**90,203**	126,199	**100,122**	83,049
Significant items referred to in Note 3(d), net		**(36,543)**	1,870	**–**	–
		53,660	128,069	**100,122**	83,049

Statement of Financial Position

as at 30 June 2002

John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Current assets					
Cash assets		**7,299**	8,542	**11,205**	–
Receivables	6	**196,048**	226,737	**7,495**	3,513
Inventories	7	**26,617**	24,973	**–**	–
Tax assets	12	**50,789**	19,630	**–**	–
Total current assets		**280,753**	279,882	**18,700**	3,513
Non-current assets					
Receivables	6	**2,994**	5,314	**852,525**	620,425
Investments accounted for using the equity method	8	**3,303**	4,184	**–**	–
Other financial assets	9	**8,978**	14,491	**83,356**	83,356
Property, plant and equipment	10	**704,502**	651,777	**26,722**	23,889
Intangible assets	11	**1,259,399**	1,278,431	**196**	201
Tax assets	12	**54,743**	57,719	**4,109**	3,770
Total non-current assets		**2,033,919**	2,011,916	**966,908**	731,641
Total assets		**2,314,672**	2,291,798	**985,608**	735,154
Current liabilities					
Payables	13	**178,749**	158,657	**10,917**	8,770
Interest-bearing liabilities	14	**5,405**	308,000	**–**	–
Current tax liabilities	15	**–**	24,828	**162**	1,962
Provisions	16	**86,759**	93,544	**53,895**	54,029
Total current liabilities		**270,913**	585,029	**64,974**	64,761
Non-current liabilities					
Non interest-bearing liabilities	17	**19,066**	–	**–**	–
Interest-bearing liabilities	14	**587,965**	466,334	**–**	–
Deferred tax liabilities	15	**56,611**	59,142	**–**	–
Provisions	16	**35,667**	40,309	**3,282**	2,945
Total non-current liabilities		**699,309**	565,785	**3,282**	2,945
Total liabilities		**970,222**	1,150,814	**68,256**	67,706
Net assets		**1,344,450**	1,140,984	**917,352**	667,448
Equity					
Contributed equity	18	**870,804**	628,196	**870,804**	628,196
Reserves	19	**4,939**	4,915	**–**	–
Retained profits	20	**468,707**	507,873	**46,548**	39,252
Total equity		**1,344,450**	1,140,984	**917,352**	667,448

Statement of Cash Flows

for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Cash flows from operating activities					
Receipts from customers		**1,317,592**	1,410,676	**–**	–
Payments to suppliers and employees		**(1,044,588)**	(1,141,192)	**(39,646)**	(63,772)
Redundancy and severance payments		**(11,171)**	(1,280)	**–**	(1,280)
Dividends and unit trust income received		**360**	41,013	**–**	–
Interest received		**6,492**	1,882	**23**	14
Borrowing costs paid		**(37,623)**	(45,902)	**(229)**	(5)
Income taxes paid		**(95,242)**	(108,696)	**(10,371)**	(694)
Net cash provided by/(used in) operating activities	31(b)	**135,820**	156,501	**(50,223)**	(65,737)
Cash flows from investing activities					
Payment for property, plant & equipment		**(118,183)**	(216,925)	**(32,048)**	(9,068)
Proceeds from sale of property, plant & equipment		**582**	7,679	**–**	–
Payment for investments		**(199)**	(5,477)	**–**	–
Proceeds from sale of investments		**966**	398	**–**	–
Payment for controlled entities	31(d)	**–**	(2,400)	**–**	–
Proceeds from sale of controlled entities	31(c)	**15,905**	24,000	**–**	–
Costs associated with the sale of controlled entities	31(c)	**(3,551)**	–	**–**	–
Payment for mastheads and tradenames		**(6,423)**	(2,914)	**–**	(5)
Loans and deposits repaid/(issued)		**5,007**	(4,595)	**–**	–
Advances from/(to) controlled entities		**–**	–	**(55,287)**	140,193
Net cash (used in)/provided by investing activities		**(105,896)**	(200,234)	**(87,335)**	131,120
Cash flows from financing activities					
Proceeds from issues of shares and debentures		**657**	9,033	**657**	9,033
Proceeds from the issue of PRESSES		**250,000**	–	**250,000**	–
Transaction costs from issue of PRESSES		**(8,049)**	–	**(8,049)**	–
Dividends paid		**(92,811)**	(84,090)	**(92,811)**	(84,090)
Proceeds from borrowings		**130,000**	154,558	**–**	–
Repayment of borrowings		**(310,964)**	(2,731)	**–**	–
Loan to associated entity		**–**	(35,052)	**–**	–
Net cash (used in)/provided by financing activities		**(31,167)**	41,718	**149,797**	(75,057)
Net increase/(decrease) in cash held		**(1,243)**	(2,015)	**12,239**	(9,674)
Cash at the beginning of the financial year		**8,542**	10,557	**(1,034)**	8,640
Cash at the end of the financial year	31(a)	**7,299**	8,542	**11,205**	(1,034)

Notes to the Financial Statements

for the year ended 30 June 2002

John Fairfax Holdings Limited and controlled entities

1. Statement of accounting policies

(a) Basis of preparation

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

The accounting policies have been applied consistently by each entity in the consolidated entity and are consistent with those of the previous year except for the accounting policy with respect to earnings per share.

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

(b) Change in accounting policy

The consolidated entity applied AASB 1027 Earnings per Share for the first time from 1 July 2001.

Basic and diluted earnings per share ('EPS') for the comparative period ended 30 June 2001 have been adjusted so that the basis of calculation used is consistent with that of the current period. This change did not result in a material adjustment to the prior year comparative.

(c) Principles of consolidation

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

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

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

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

(e) Trade and other receivables

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

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

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

(f) Inventories

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

- Raw materials (comprising mainly newsprint and paper on hand) are assessed at average cost and newsprint and paper in transit by specific identification cost.
- In the case of other inventories, cost is assigned by the weighted average cost method.

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

(g) Investments

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. Other investments are carried at the lower of cost or recoverable amount. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed based upon the present value of expected future cash flows or the estimated fair value of underlying net assets of the particular entities. Dividends are recognised when the right to receive payment is established.

(h) Property, plant and equipment

Cost

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

Recoverable amount

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

1. Statement of accounting policies continued

(h) Property, plant and equipment continued

Leasing

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

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

Operating leases, where the lessor effectively retains all the risk and benefits of ownership of the leased asset, are not capitalised. Rental payments are charged as an expense in the periods to which they relate.

Depreciation and amortisation

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

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

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

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

(i) Intangibles

Mastheads and tradenames

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

Goodwill

Goodwill is amortised by the straight-line method over the period during which benefits are expected to be received. This is taken to be 20 years.

The carrying amount of intangibles is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed based upon the present value of expected future cash flows.

(j) Trade and other payables

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

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(k) Employee entitlements

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

The value of the employee share plans described in Note 18 is not charged as an employee entitlement expense.

(l) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Loans and borrowings

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

1. Statement of accounting policies continued

(n) Debentures

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

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

(i) any provision of the Foreign Acquisitions and Takeovers Act 1975;

(ii) any undertaking given by the Company to the Foreign Investment Review Board or at the request of the Foreign Investment Review Board from time to time; or

(iii) any other applicable law including, without limitation, the Broadcasting Act 1942.

(o) Share capital

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

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

(p) Revenue recognition

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

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

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

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

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

(q) Income tax

Income tax has been accounted for using the liability method of tax effect accounting whereby income tax expense is based upon the accounting profit adjusted for permanent differences.

Future income tax benefits attributable to income tax losses, capital losses and timing differences are brought to account when realisation of the benefit is considered to be virtually certain and will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the consolidated entity has complied and continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss.

The income tax expense for the year and the deferred tax balances are calculated using a tax rate of 30%.

(r) Foreign currency

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

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

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

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

1. Statement of accounting policies continued

(s) Derivatives

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

Interest rate swaps and forward rate agreements

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

Interest rate options

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

Forward foreign exchange contracts

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

(t) Borrowing costs

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

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate. The weighted average rate used for the year ended 30 June 2002 was 6.86% (2001: 7.95%).

(u) Financial instruments included in equity

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

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
2. Revenue from ordinary activities					
Revenue from operating activities					
Revenue generated from sale of:					
Newspapers		**1,007,978**	1,077,240	**–**	–
Magazines		**113,544**	139,306	**–**	–
Other		**45,602**	65,614	**1,721**	20
		1,167,124	1,282,160	**1,721**	20
Revenue from rendering of services		**7,346**	5,738	**66,932**	60,854
Dividend income:					
Wholly owned controlled entities		**–**	–	**93,400**	69,630
Other corporations		**–**	150	**–**	–
Distributions from unit trusts		**360**	420	**–**	–
Underlying revenue from ordinary activities		**1,174,830**	1,288,468	**162,053**	130,504
Revenue from non-operating activities					
Proceeds from sale of property, plant and equipment		**538**	7,679	**–**	–
Proceeds from sale of investments		**–**	398	**–**	–
Proceeds from sale of controlled entities		**15,905**	24,000	**–**	–
		1,191,273	1,320,545	**162,053**	130,504
Interest income:					
Wholly owned controlled entities		**–**	–	**124,124**	127,257
Other persons/corporations		**6,492**	1,882	**23**	14
Share of associate's net profit/(losses)	8	**(881)**	5,277	**–**	–
Total revenue from ordinary activities		**1,196,884**	1,327,704	**286,200**	257,775

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
3. Expenses from ordinary activities					
(a) Expenses by nature					
Staff costs excluding staff redundancy costs		**409,802**	422,825	**26,830**	26,510
Newsprint and paper		**211,606**	203,039	**–**	–
Distribution and other production costs		**130,532**	141,005	**172**	–
Promotion and advertising costs		**50,728**	59,885	**116**	796
Write-down of non-current assets		**8,755**	3,249	**–**	–
Cost of disposals		**21,419**	13,413	**–**	–
Staff redundancy costs		**4,405**	24,184	**–**	–
Rent and outgoings		**21,728**	20,580	**–**	–
Repairs and maintenance		**13,736**	9,628	**–**	–
Communication costs		**11,898**	12,397	**–**	–
News services		**10,579**	11,000	**–**	–
Computer costs		**7,497**	7,741	**–**	–
Fringe benefits tax		**5,339**	6,978	**–**	–
Other expenses from ordinary activities		**93,732**	90,073	**37,979**	31,530
Total expenses before borrowing costs, depreciation and amortisation		**1,001,756**	1,025,997	**65,097**	58,836
Less significant cost items	3(d)	**57,808**	37,222	**–**	–
Underlying expenses from ordinary activities		**943,948**	988,775	**65,097**	58,836
(b) Detailed expense disclosures					
Interest expense:					
Wholly owned controlled entities		**–**	–	**105,340**	108,630
Other persons/corporations		**29,403**	38,745	**229**	5
Finance charges on capitalised leases		**6,809**	6,988	**–**	–
Total borrowing costs		**36,212**	45,733	**105,569**	108,635
Depreciation of freehold property		**1,821**	1,842	**–**	–
Depreciation of plant and equipment		**62,593**	60,727	**6,027**	1,736
Amortisation of leasehold property		**1,456**	1,262	**–**	–
Amortisation of goodwill		**1,200**	1,341	**–**	–
Total depreciation and amortisation		**67,070**	65,172	**6,027**	1,736
Cost of sales		**455,261**	461,857	**–**	–
Amounts provided for:					
Employee entitlements		**33,013**	34,328	**2,881**	976
Doubtful trade debts		**2,164**	2,893	**–**	–
Other		**763**	(121)	**–**	–
Total amounts set aside to provisions		**35,940**	37,100	**2,881**	976
Operating lease rental expense		**10,164**	12,052	**6,338**	7,037
(c) (Losses)/Gains					
Net foreign exchange profit		**44**	52	**44**	79
Net (loss) on disposal of property, plant and equipment		**(424)**	(26)	**–**	–
Net (loss)/profit on disposal of controlled entities		**(13,500)**	18,690	**–**	7

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
3. Expenses from ordinary activities continued				
(d) Significant items				
Profit from ordinary activities before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated entity:				
Proceeds from sale of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd	**15,905**	–	**–**	–
Cost base of investment	**(25,854)**	–	**–**	–
Costs associated with the sale of CitySearch Australia Pty Ltd and CitySearch Canberra Pty Ltd	**(3,551)**	–	**–**	–
Loss on disposal	**(13,500)**	–	**–**	–
Income tax benefit applicable	**1,967**	–	**–**	–
Staff redundancy, asset write-downs and other costs associated with the closure of CitySearch Directories	**(24,403)**	–	**–**	–
Income tax benefit applicable	**3,393**	–	**–**	–
Proceeds from sale of Sold.com.au Pty Ltd	**–**	24,000	**–**	–
Cost base of investment	**–**	(5,658)	**–**	–
Gain on disposal of Sold.com.au Pty Ltd	**–**	18,342	**–**	–
Income tax expense applicable	**–**	–	**–**	–
Restructure and redundancy costs	**–**	(24,184)	**–**	–
Income tax benefit applicable	**–**	7,323	**–**	–
f2 development costs	**–**	(4,131)	**–**	–
Income tax benefit applicable	**–**	1,405	**–**	–
Write-down of non-current assets	**(4,000)**	(3,249)	**–**	–
Income tax benefit applicable	**–**	1,087	**–**	–
Share of associates net profit	**–**	5,277	**–**	–
Income tax benefit applicable	**–**	–	**–**	–
Net significant items after tax	**(36,543)**	1,870	**–**	–
Significant items before income tax	**(41,903)**	(7,945)	**–**	–
Income tax expense	**5,360**	9,815	**–**	–
	(36,543)	1,870	**–**	–

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
4. Income tax					
The prima facie tax on profit from ordinary activities is reconciled to the income tax provided in the accounts as follows:					
Prima facie tax on profit from ordinary activities		**27,554**	64,873	**32,852**	30,113
Tax effect of permanent differences:					
Share of net profits/(losses) of associates		**264**	(1,794)	**–**	–
Capital (profits)/losses not (taxable)/deductible		**4,085**	(6,236)	**–**	–
Write-off of future income tax benefit		**3,125**	–	**–**	–
Non deductible depreciation and amortisation		**397**	675	**–**	–
PRESSES issue costs		**(482)**	–	**(482)**	–
Rebateable dividends		**–**	(51)	**(28,020)**	(23,674)
Net loss attributable to change in income tax rate		**3,021**	4,009	**443**	–
Under provision from prior years		**83**	779	**5,091**	–
Other		**139**	478	**(499)**	(920)
Income tax expense relating to ordinary activities		**38,186**	62,733	**9,385**	5,519
Income tax expense comprises:					
Provision attributable to current year		**50,853**	63,003	**755**	1,910
Under provision from the prior year		**83**	779	**5,091**	–
(Increase)/decrease in future income tax benefit		**(5,590)**	(6,296)	**3,539**	3,609
Increase/(decrease) in deferred income tax liability		**(7,160)**	5,247	**–**	–
		38,186	62,733	**9,385**	5,519
5. Dividends paid and approved					
Fully franked interim dividend of 4.5 cents per share/debenture paid 16 March 2002 (2001: 4.5 cents fully franked, paid 16 March 2001)		**33,078**	32,930	**33,078**	32,930
Fully franked final dividend approved of 7.0 cents per share/debenture (2001: 7.0 cents fully franked, paid 17 October 2001)		**51,457**	51,442	**51,457**	51,442
Fully franked PRESSES dividend ($3.3159 per share franked, paid 12 June 2002)		**8,290**	–	**8,290**	–
Under/(over) provision of prior year final dividend		**1**	(40)	**1**	(40)
Total franked dividends provided for or paid	20	**92,826**	84,332	**92,826**	84,332

The tax rate at which dividends have or will be franked is 30% (2001: 34%). Franking credits available at 30 June 2002 total $599.4 million (2001: $385.1 million). Under the new Simplified Imputation System regime, these credits will be converted on 1 July 2002 to a tax paid basis which results in a franking account balance of $256.9 million. From these amounts $15.5 million franking credits will be used to pay a fully franked dividend of $51.5 million declared as at 30 June 2002 to be paid on 17 October 2002.

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
6. Receivables				
Current				
Trade debtors	**179,985**	212,903	**–**	–
Provision for doubtful debts	**(12,744)**	(14,282)	**–**	–
	167,241	198,621	**–**	–
Loans and deposits	**1,788**	6,796	**1,617**	1,854
Other debtors and prepayments	**27,019**	21,320	**5,878**	1,659
Total current receivables	**196,048**	226,737	**7,495**	3,513
Movement in provision for doubtful debts				
Balance at the beginning of the financial year	**14,282**	14,234	**–**	–
Bad and doubtful debts provided for during the year	**2,164**	2,893	**–**	–
Bad debts previously provided for written off during the year	**(3,699)**	(2,833)	**–**	–
Controlled entities sold during year	**(3)**	(12)	**–**	–
Balance at the end of the financial year	**12,744**	14,282	**–**	–
Non-current				
Amounts receivable from wholly owned controlled entities	**–**	–	**852,525**	620,425
Loans and deposits	**763**	2,536	**–**	–
Prepayments	**2,231**	2,778	**–**	–
Total non-current receivables	**2,994**	5,314	**852,525**	620,425
7. Inventories				
Current				
Raw materials and stores, at cost	**26,932**	25,313	**–**	–
Provision for diminution in value	**(315)**	(340)	**–**	–
Total inventories	**26,617**	24,973	**–**	–

8. Investments accounted for using the equity method

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Shares in associated company (unlisted) at equity accounted amount	**3,303**	4,184	**–**	–

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

	Consolidated 2002 $000	Consolidated 2001 $000
Share of associate's profit		
Share of associate's profit/(loss) before income tax	**(1,259)**	5,341
Share of associate's income tax expense/(benefit) attributable to profit	**378**	(64)
Share of associate's net profit	**(881)**	5,277
Carrying amount of investment in associate		
Balance at the beginning of the year	**4,184**	35,349
Share of associate's net profit/(loss)	**(881)**	5,277
Dividends received from associates	**–**	(40,443)
Transfer from reserves	**–**	4,001
Balance at the end of the financial year	**3,303**	4,184
Consolidated entity's share in the retained profits of the associated entity	**20,654**	21,535

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
9. Other financial assets				
Shares in other (unlisted) at cost	**8,331**	13,844	**–**	–
Shares in controlled entities not listed on a prescribed stock exchange, at cost	**–**	–	**83,356**	83,356
Interests in unit trusts, at cost	**647**	647	**–**	–
Total investments	**8,978**	14,491	**83,356**	83,356
10. Property, plant and equipment				
Freehold land and buildings				
At cost	**108,645**	103,944	**–**	–
Provision for depreciation	**(21,257)**	(20,219)	**–**	–
	87,388	83,725	**–**	–
Leasehold buildings				
At cost	**55,049**	50,171	**–**	–
Provision for amortisation	**(7,886)**	(6,430)	**–**	–
	47,163	43,741	**–**	–
Plant and equipment				
At cost	**687,305**	583,092	**39,471**	26,767
Provision for depreciation	**(393,966)**	(338,990)	**(12,749)**	(2,878)
	293,339	244,102	**26,722**	23,889
Capital works in progress, at cost	**276,612**	280,209	**–**	–
Total property, plant and equipment	**704,502**	651,777	**26,722**	23,889

Assets pledged as security

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

Valuation

The latest independent valuation of freehold land and buildings was performed as at 30 June 2000 by Gary R Longden AAPI, Director of Investment Advisory Services at Jones Lang LaSalle and was performed on the basis of market value – existing use.

Capitalised borrowing costs

During the year ended 30 June 2002, borrowing costs of $15.9 million (2001: $10.0 million) were capitalised into capital works in progress.

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
10. Property, plant and equipment continued				
Reconciliations				
Freehold land and buildings				
Carrying amount at the beginning	**83,725**	90,866	**–**	–
Additions	**1,665**	72	**–**	–
Disposals	**–**	(1,090)	**–**	–
Depreciation	**(1,821)**	(1,842)	**–**	–
Other	**3,819**	(4,281)	**–**	–
	87,388	83,725	**–**	–
Leasehold buildings				
Carrying amount at the beginning	**43,741**	44,875	**–**	–
Additions	**806**	45	**–**	–
Disposals	**–**	–	**–**	–
Depreciation	**(1,456)**	(1,262)	**–**	–
Other	**4,072**	83	**–**	–
	47,163	43,741	**–**	–
Plant and equipment				
Carrying amount at the beginning	**244,102**	283,318	**23,889**	18,183
Additions	**5,454**	26,615	**32,049**	9,068
Disposals	**(1,007)**	(6,615)	**–**	–
Depreciation	**(62,593)**	(60,727)	**(9,870)**	(1,736)
Other (includes transfers from capital works in progress)	**107,383**	1,511	**(19,346)**	(1,626)
	293,339	244,102	**26,722**	23,889
Capital works in progress, at cost				
Carrying amount at the beginning	**280,209**	100,500	**–**	–
Additions	**110,258**	190,193	**–**	–
Transfers to plant and equipment	**(113,855)**	(10,484)	**–**	–
	276,612	280,209	**–**	–
11. Intangibles				
Mastheads and tradenames, at cost	**1,259,399**	1,254,065	**196**	201
Goodwill, at cost	**–**	26,823	**–**	–
Accumulated amortisation of goodwill	**–**	(2,457)	**–**	–
Total intangibles	**1,259,399**	1,278,431	**196**	201
12. Tax assets				
Current				
Tax receivable	**50,789**	19,630	**–**	–
Non-current				
Future income tax benefits arising from:				
Tax losses	**2,475**	3,125	**–**	–
Timing differences	**52,268**	54,594	**4,109**	3,770
Total non-current tax asset	**54,743**	57,719	**4,109**	3,770

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
13. Payables				
Current				
Trade and other creditors	**173,038**	151,535	**10,917**	7,736
Bank overdraft	**–**	–	**–**	1,034
Accrued interest on bank borrowings	**5,711**	7,122	**–**	–
Total current accounts payable	**178,749**	158,657	**10,917**	8,770
14. Interest-bearing liabilities				
Current				
Bank borrowings (unsecured)	**3,942**	18,000	**–**	–
Other borrowings (unsecured)	**1,463**	290,000	**–**	–
Total current borrowings	**5,405**	308,000	**–**	–
Non-current				
Other borrowings (unsecured)	**533,574**	412,379	**–**	–
Lease liability (secured)	**54,391**	53,955	**–**	–
Total non-current borrowings	**587,965**	466,334	**–**	–

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

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

A $500 million combined Commercial Paper and Medium Term Note (MTN) program was established in November 1998. The program was increased in March 2000 to $750 million. MTNs to the value of $150 million due July 2005 have been issued under the facility. The remaining $600 million is available for the issue of Promissory Notes and MTNs. These facilities are not committed and there is no guaranteed access to the funds. None of these facilities are underwritten. Standby lines of credit to the value of $200 million maturing July 2003 are available to support Promissory Note issues. Promissory Notes on issue at 30 June 2002 of $25 million (2001: $140 million) are for terms ranging from one to two months at an average interest rate of 5.1% (2001: 5.7%).

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

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a final maturity date of September 2015. A loan with principal and interest outstanding of $59.6 million (2001: $60.8 million) and a finance lease of $54.4 million (2001: $54.0 million) drawn in February 1996, is in the form of a CPI indexed annuity. The remaining principal and interest outstanding of $48.6 million (2001: $50.8 million) is in the form of a fixed rate facility with an established drawdown and repayment schedule. Principal and interest on the CPI indexed annuity has been swapped into nominal floating interest rate.

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
15. Tax liabilities				
Current				
Tax payable	**–**	24,828	**162**	1,962
Non-current				
Deferred income tax liability	**56,611**	59,142	**–**	–

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
16. Provisions					
Current					
Employee entitlements	26	**32,342**	36,311	**2,438**	2,587
Dividends		**51,457**	51,442	**51,457**	51,442
Other		**2,960**	5,791	**–**	–
Total current provisions		**86,759**	93,544	**53,895**	54,029
Non-current					
Employee entitlements	26	**35,268**	36,801	**3,038**	2,101
Other		**399**	3,508	**244**	844
Total non-current provisions		**35,667**	40,309	**3,282**	2,945
17. Non interest-bearing liabilities					
Amounts payable to equipment suppliers		**19,066**	–	**–**	–
18. Contributed equity					
Shares					
735,099,595 (2001: 734,879,595) ordinary shares					
Fully paid		**628,853**	628,196	**628,853**	628,196
Preferred Reset Securities Exchangeable for Shares					
2,500,000 (2001: nil)		**241,951**	–	**241,951**	–
Debentures					
281 (2001: 281) debentures fully paid		*****	*	*****	*
Total issued capital		**870,804**	628,196	**870,804**	628,196

Movements in issued capital during the financial year

	2002 Number	2001 Number	2002 $000	2001 $000
Shares				
Beginning of the financial year	**734,879,595**	730,559,595	**628,196**	619,163
Shares issued (i)	**–**	1,000,000	**–**	–
Converted from options (ii)	**220,000**	3,320,000	**657**	9,033
End of the financial year	**735,099,595**	734,879,595	**628,853**	628,196
Preferred Reset Securities Exchangeable for Shares (PRESSES)				
Beginning of the financial year	**–**	–	**–**	–
PRESSES issued	**2,500,000**	–	**250,000**	–
Issue costs	**–**	–	**(8,049)**	–
End of the financial year	**2,500,000**	–	**241,951**	–
Debentures				
Beginning of the financial year	**281**	281	*****	*
Converted to shares	**–**	–	**–**	–
End of the financial year	**281**	281	*****	*

* Amount is less than $1000
(i) Shares issued to the trustee of the Company's Incentive Share Plan on 27 June 2001.
(ii) During the year options were exercised and converted to shares. These are detailed on page 23.

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

18. Contributed equity continued

Options exercised during the year:

2002 Exercise Date	2002 Number	2002 Issue Price	2001 Exercise Date	2001 Number	2001 Issue Price
Jul 2001	**10,000**	**$2.77**	Jul 2000	193,000	$2.67
Dec 2001	**20,000**	**$2.76**	Jul 2000	20,000	$2.77
Feb 2002	**30,000**	**$2.84**	Aug 2000	40,000	$2.64
Feb 2002	**60,000**	**$3.12**	Aug 2000	24,000	$2.67
Feb 2002	**60,000**	**$2.93**	Aug 2000	12,000	$2.77
Mar 2002	**40,000**	**$3.15**	Oct 2000	4,000	$2.67
			Oct 2000	10,000	$3.12
			Nov 2000	6,500	$2.67
			Dec 2000	50,000	$2.69
			Jan 2001	650,000	$2.72
			Feb 2001	100,000	$2.88
			Mar 2001	60,000	$2.93
			Mar 2001	20,000	$2.82
			Mar 2001	50,000	$2.84
			Apr 2001	13,000	$2.67
			May 2001	4,000	$2.67
			May 2001	180,000	$3.12
			Jun 2001	1,883,500	$2.67
	220,000			3,320,000	

Terms and conditions of contributed equity

Shares

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

Preferred Reset Securities Exchangeable for Shares (PRESSES)

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

During the year, the Company issued 2.5 million PRESSES, each having a face value of $100 for a total of $250 million. Transaction costs of $8.049 million were applied against the proceeds.

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

A non-cumulative dividend is paid semi-annually on the PRESSES at 6.65% pa. The first dividend was paid on 12 June 2002. The dividend rate will be increased if the credit rating of the PRESSES falls below BBB–. The dividend may be increased or decreased on reset dates. Payment of dividends is at the discretion of directors and is subject to the directors declaring or otherwise resolving to pay a dividend and there being no impediment under the Corporations Act 2001 to the payment.

Debentures

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

18. Contributed equity continued

Employee share plans

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

1. **Fairfax exempt employee share plan**
   This plan is open to all permanent full-time and part-time employees with more than 12 months' service with the consolidated entity. Under this Plan, participants may salary sacrifice up to $1,000 of pre tax salary per annum for purchase of issued Fairfax shares at the market price on the open market of the Australian Stock Exchange. The shares are purchased by an independent trustee company on pre-fixed dates.
2. **Fairfax deferred employee share plan**
   This plan is open to all permanent full-time and part-time employees with more than 12 months' service with the consolidated entity. Under this Plan, participants may salary sacrifice a minimum of $3,000 and up to a maximum of 25% of salary per annum for purchase of issued Fairfax shares at the market price on the open market of the Australian Stock Exchange. The shares are purchased by an independent trustee company on pre-fixed dates.
3. **Long term incentive share plan**
   Permanent full-time and part-time employees of the consolidated entity who are not directors of the Company may be eligible to participate in this Plan. The Plan is administered by an independent trustee which holds in trust ordinary shares issued to it by the Company for nil consideration. The trustee may allocate shares to employees after considering recommendations from the Company. Allocation to employees is at nil consideration.

Options to acquire shares

During 2002 the consolidated entity granted no options (2001: 560,000 options) to acquire shares on a one-for-one basis to no employees (2001: 5 employees). The exercise price of the options is equivalent to the Company's average market share price on the Australian Stock Exchange, at the date the options were issued. At balance date, the Company's closing share price was $3.31.

	Company 2002 Number	Company 2001 Number
Balance on issue at the beginning of the year	**11,523,000**	14,303,000
Granted during the year	**–**	560,000
Forfeited during the year	**–**	(20,000)
Exercised and converted to shares	**(220,000)**	(3,320,000)
Balance on issue at the end of the year	**11,303,000**	11,523,000

Balance comprised of:

Date of grant	Exercise price	Number
Employee Share Option Plan		
3 September 1997	$3.12	80,000
3 October 1997	$3.37	130,000
19 November 1997	$3.15	80,000
27 February 1998	$2.93	660,000
25 June 1998	$2.77	148,000
11 September 1998	$2.76	30,000
19 November 1998	$3.08	400,000
1 March 1999	$3.97	250,000
11 May 1999	$3.97	500,000
25 June 1999	$4.25	200,000
28 September 1999	$4.01	4,405,000
5 April 2000	$5.66	250,000
29 May 2000	$4.30	20,000
28 June 2000	$4.41	90,000
19 September 2000	$4.36	300,000
12 March 2001	$3.69	130,000
30 March 2001	$3.58	130,000
Other Options		
16 December 1998*	$2.85	3,500,000
		11,303,000

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John Fairfax Holdings Limited and controlled entities

18. Contributed equity continued

Employee share option plan

Full-time and part-time employees of the consolidated entity are eligible to participate on invitation from the Company. On and after two years from the date of issue, 40% of options will become conditionally exercisable. On and after the passing of each subsequent year, a further 20% of the options will become conditionally exercisable. Options not exercised within five years of issue will lapse. On exercise, each option is convertible to one ordinary share. The maximum number of employee scheme options approved by shareholders at a general meeting which may be issued at any one time is 4 per cent of the number of ordinary shares of the Company on issue at that date. The number of employee scheme options outstanding, which were issued under the employee option incentive scheme, is equivalent to 1.1% of the ordinary shares on issue at 30 June 2002. There are currently 184 employees who hold options issued under the scheme.

Other Options*

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

In accordance with current Australian accounting standards the Company does not recognise an expense in respect of shares issued under the Long term incentive share plan, nor options issued under the Employee share option plan. Had an expense been determined based on the fair value of the shares at the grant dates under the Long term incentive share plan and the value of options determined at the grant date using the Black-Scholes model, the Company's net income and earnings per share (basic) would have been as presented in the following table.

The pro forma amounts are indicated below.

	Consolidated 2002 $000	Consolidated 2001 $000
Net profit after tax		
– as reported	**53,660**	128,069
– Pro forma	**51,958**	126,710
Earnings per share		
– as reported (cents)	**6.17**	17.51
– Pro forma (cents)	**5.94**	17.33

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
19. Reserves				
Asset revaluation	**4,928**	4,928	**–**	–
Foreign currency translation	**11**	(13)	**–**	–
Total reserves	**4,939**	4,915	**–**	–
Movements in reserves				
Asset revaluation reserve				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets where non-current assets are accounted for in accordance with fair value. The reserve can be used to pay dividends in limited circumstances.				
Balance at the beginning of the financial year	**4,928**	5,053	**–**	–
Adjustment to revaluation reserve	**–**	(125)	**–**	–
Balance at the end of the financial year	**4,928**	4,928	**–**	–

Notes to the Financial Statements
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	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
19. Reserves continued					
Foreign currency translation reserve					
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.					
Balance at the beginning of the financial year		**(13)**	201	**–**	–
Net (loss)/gain on translation of overseas controlled entities		**24**	(214)	**–**	–
Balance at the end of the financial year		**11**	(13)	**–**	–
20. Retained profits					
Balance at the beginning of year		**507,873**	464,136	**39,252**	40,535
Net profit attributable to members of the Company		**53,660**	128,069	**100,122**	83,049
Total available for appropriation		**561,533**	592,205	**139,374**	123,584
Dividends provided for or paid	5	**(92,826)**	(84,332)	**(92,826)**	(84,332)
Retained profits at the end of the financial year		**468,707**	507,873	**46,548**	39,252
21. Earnings per share					
Earnings reconciliation					
Net profit attributable to members of the Company:					
Before significant items		**90,203**	126,199		
Less dividend paid on PRESSES		**(8,290)**	–		
Basic and diluted earnings before significant items and associate profits		**81,913**	126,199		
Net profit attributable to members of the Company:					
After significant items		**53,660**	128,069		
Less dividend paid on PRESSES		**(8,290)**	–		
Basic and diluted earnings after significant items and associate profits		**45,370**	128,069		
Weighted average number of ordinary shares used in calculating basic EPS (000's)		**734,967**	731,293		
Options		**1,103**	2,050		
Weighted average number of ordinary shares used in calculating diluted EPS (000's)		**736,070**	733,343		
Basic earnings per share (cents) based on net profit attributable to members of the Company:					
After significant items		**6.17**	17.51		
Before significant items		**11.15**	17.26		
Diluted earnings per share (cents) based on net profit attributable to members of the Company:					
After significant items		**6.16**	17.46		
Before significant items		**11.13**	17.21		

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
22. Commitments					
Finance lease liabilities					
Payable:					
Not later than one year		**6,599**	6,704	**–**	–
Later than one year and not later than five years		**28,912**	29,792	**–**	–
Later than five years		**74,733**	90,743	**–**	–
Minimum lease payments		**110,244**	127,239	**–**	–
Less future finance charges		**55,853**	73,284	**–**	–
Total lease liability		**54,391**	53,955	**–**	–
Classified as:					
Non-current interest-bearing liabilities	14	**54,391**	53,955	**–**	–

Finance leases have an average lease term of 8.21 years (2001: 8.5 years) and an average implicit interest rate of 12.5% (2001: 13.1%). Assets which are the subject of finance leases include office premises, land and buildings.

		Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Operating lease commitments					
Payable:					
Not later than one year		**13,653**	12,251	**–**	–
Later than one year but not later than five years		**28,870**	38,546	**–**	–
Later than five years		**11,688**	14,287	**–**	–
Total operating lease commitments		**54,211**	65,084	**–**	–

Operating leases have an average lease term ranging between 10 to 15 years (2001: 10 to 15 years) and an average implicit interest rate of 10% (2001: 10%). Assets which are the subject of operating leases include office premises, land and buildings.

		Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Capital expenditure commitments					
Payable:					
Not later than one year		**52,741**	101,160	**–**	–
Later than one year but not later than five years		**12,470**	5,162	**–**	–
Total capital expenditure commitments		**65,211**	106,322	**–**	–

Capital expenditure commitments are primarily related to the completion of the new production facility at Tullamarine and capital upgrade at Chullora. The payments include progress payments to equipment suppliers and retention payments that are subject to satisfactory performance criteria.

Notes to the Financial Statements
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John Fairfax Holdings Limited and controlled entities

23. Contingent liabilities

Related bodies corporate

Under the terms of an ASIC class order, the Company and certain controlled entities, identified in Note 24, have guaranteed any deficiency of funds if any party to the class order is wound up (refer Note 24). No such deficiency exists.

Other persons

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

24. Controlled entities

	Notes		Notes
John Fairfax Holdings Limited	(a),(c)		
Controlled entities			
Associated Newspapers Limited	(a)	Homes Pictorial Publications Pty Limited	(a)
AIPD Pty Limited	(f)	Homes Pictorial Unit Trust	
Big Hand Asia Pacific Pty Limited		Illawarra Newspapers Holdings Pty Limited	(a)
CitySearch Australia Pty Limited	(d)	John Fairfax & Sons Limited	(a)
CitySearch Canberra Pty Limited	(d)	John Fairfax (UK) Limited	(b)
David Syme & Co Pty Limited	(a)	John Fairfax (US) Limited	(b)
f2 Australia & New Zealand Pty Limited	(a)	John Fairfax Group Finance Pty Limited	(a)
f2 Limited	(a),(e)	John Fairfax Limited	(a)
Fairfax Business Information Solutions Pty Limited	(a)	John Fairfax Publications Pty Limited	(a),(e)
Fairfax Business Media Pte Ltd	(b)	Morisset Newspapers Pty Limited	
Fairfax Business Media (South Asia) Pte Ltd	(b)	Newcastle Newspapers Pty Limited	(a)
Fairfax Community Newspapers Pty Limited	(a)	Personal Investment Direct Access Pty Limited	
Fairfax Corporation Pty Limited	(a)	Rydge Publications Pty Limited	(a)
Fairfax EEC Limited (UK)	(b)	South Australian Real Estate Press Pty Limited	(a)
Fairfax Print Holdings Pty Limited	(a),(e)	The Age Company Limited	(a)
Fairfax Printers Pty Limited	(a),(e)	The Age Online Pty Limited	(a)
Fairfax Properties Pty Limited	(a)	The Rockwood Pastoral Company Pty Limited	(a)
Fairfax Regional Printers Pty Limited	(a)	The Warrnambool Standard Pty Limited	(a)
FCN Online Pty Limited	(a)	Wattle Street Properties Pty Limited	(a)
Gold Coast Community Press Pty Limited	(a)		

Notes to the Financial Statements

for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

24. Controlled entities continued

Notes

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

	2002 $000	2001 $000
Statement of Financial Position		
Current assets		
Cash	**6,006**	5,199
Receivables	**190,898**	205,221
Tax asset	**50,789**	19,630
Inventories	**26,243**	24,347
Total current assets	**273,936**	254,397
Non-current assets		
Receivables	**2,938**	5,252
Investments	**12,281**	18,675
Property, plant and equipment	**698,291**	639,737
Intangibles	**1,239,500**	1,233,396
Future income tax benefits	**43,145**	43,740
Total non-current assets	**1,996,155**	1,940,800
Total assets	**2,270,091**	2,195,197
Current liabilities		
Payables	**49,415**	5,264
Interest-bearing liabilities	**5,405**	308,000
Tax liabilities	**1,813**	23,385
Provisions	**86,909**	91,667
Total current liabilities	**143,542**	428,316
Non-current liabilities		
Non interest-bearing liabilities	**19,066**	–
Interest-bearing liabilities	**587,965**	466,334
Tax liabilities	**56,611**	59,142
Provisions	**35,477**	39,724
Total non-current liabilities	**699,119**	565,200
Total liabilities	**842,661**	993,516
Net assets	**1,427,430**	1,201,681
Equity		
Contributed equity	**870,804**	628,196
Reserves	**4,338**	4,338
Retained profits	**552,288**	569,147
Total equity	**1,427,430**	1,201,681
Statement of Financial Performance		
Profit from ordinary activities before income tax	**132,306**	220,914
Income tax expense attributable to operating profit	**(46,932)**	(67,702)
Net profit attributable to members of the holding company	**85,374**	153,212

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

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

(c) The consolidated entity holds a 100% equity interest in all controlled entities.

(d) Disposed of during the year.

(e) Denotes entities controlled directly by the Company.

(f) Formerly Big Colour Pages Pty Limited.

Notes to the Financial Statements
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John Fairfax Holdings Limited and controlled entities

25. Acquisition and disposal of controlled entities

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

On 23 February 2001 the consolidated entity disposed of its 100% ownership interest in SOLD.com.au Pty Limited. For additional information refer Note 31(c).

	Note	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
26. Employee entitlements					
Aggregate employee entitlements including on-costs:					
Provisions for employee entitlements (current)	16	**32,342**	36,311	**2,438**	2,587
Provisions for employee entitlements (non-current)	16	**35,268**	36,801	**3,038**	2,101
Accrued redundancy costs		**16,722**	22,500	**–**	–
		84,332	95,612	**5,476**	4,688

For information relating to employee share plans and the employee option incentive scheme refer Note 18.
For information relating to superannuation plans refer Note 27.

27. Superannuation commitments

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

During the year the Company authorised the transfer of its superannuation arrangements to Mercer Nominees Limited as Trustee of the Mercer Super Trust (the effects of which can be seen in the table below). The superannuation arrangements for the Company's employees are managed in a sub-plan of that Trust, called Fairfax Super.

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

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

The last actuarial assessment of the John Fairfax Retirement Fund (which was transferred into Fairfax Super during the year) was carried out as at 1 July 2000 by Peter May, BSc FIAA, Actuary from AMP Consulting Pty Ltd. A valuation is being conducted by Mercer Human Resource Consulting Pty Ltd as at 1 July 2002.

At balance date, the assets of each of the plans are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee.

The directors, based on the advice of the trustees of the plan, are not aware of any changes in circumstances since the date of the most recent financial statements of the plans (30 June 2002), which would have a material impact on the overall financial position of the defined benefit plan.

	2002 $000	2001 $000
Estimated accrued benefits of the plan	**306,528**	194,300
Net market value of the plans' assets	**312,784**	193,036
Surplus/(deficiency)	**6,256**	(1,264)
Vested benefits (estimate)	**295,537**	187,699
Consolidated entity contributions	**16,731**	19,429

Notes to the Financial Statements
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	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
28. Auditors' remuneration				
Amounts received or due and receivable by the auditors of John Fairfax Holdings Limited for:				
Audit services				
Ernst & Young Australia	**570**	630	**570**	630
Other services				
Ernst & Young Australia	**284**	273	**77**	226
Affiliates of Ernst & Young Australia*	**165**	–	**–**	–
Total auditors' remuneration	**1,019**	903	**647**	856

* Includes audit fees of $70,000, tax and due diligence services in relation to Fairfax EEC Limited (UK).

29. Remuneration of directors and executives

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Directors' remuneration				
Income paid or payable, or otherwise made available, to all directors of each entity in the consolidated entity by the entities of which they are directors or any related party	**6,844**	7,146		
Income paid or payable, or otherwise made available, to all directors of John Fairfax Holdings Limited by the Company or any related party			**1,810**	1,824

The number of directors of John Fairfax Holdings Limited whose income from the Company or any related party falls within the following bands:

	No. of Directors	No. of Directors
$10,000 – $19,999	**1**	–
$50,000 – $59,999	**2**	1
$60,000 – $69,999	**2**	5
$80,000 – $89,999	**1**	–
$100,000 – $109,999	**1**	1
$140,000 – $149,999	**1**	1
$1,200,000 – $1,209,999	**1**	1

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
Executives' remuneration				
Remuneration received, or due and receivable by executive officers of the consolidated entity and the Company whose remuneration is $100,000 or more, from entities in the consolidated entity or related parties	**6,574**	8,053	**3,448**	4,206

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

29. Remuneration of directors and executives

continued

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

	Consolidated 2002 No. of Executives	Consolidated 2001 No. of Executives	Company 2002 No. of Executives	Company 2001 No. of Executives
$10,000 – $19,999	**1**	–	**1**	–
$180,000 – $189,999	**–**	1	**–**	–
$230,000 – $239,999	**1**	–	**1**	–
$250,000 – $259,999	**2**	1	**1**	–
$270,000 – $279,999	**–**	1	**–**	1
$290,000 – $299,999	**–**	1	**–**	–
$300,000 – $309,999	**1**	1	**–**	1
$320,000 – $329,999	**3**	–	**1**	–
$330,000 – $339,999	**–**	3	**–**	1
$340,000 – $349,999	**1**	1	–	1
$350,000 – $359,999	**–**	1	**–**	–
$420,000 – $429,999	**1**	–	**1**	–
$430,000 – $439,999	**1**	1	**1**	–
$440,000 – $449,999	**1**	–	**–**	–
$490,000 – $499,999	**–**	1	**–**	1
$520,000 – $529,999	**–**	1	**–**	1
$530,000 – $539,999	**–**	1	**–**	–
$540,000 – $549,999	**2**	–	**1**	–
$580,000 – $589,999	**1**	–	**–**	–
$720,000 – $729,999	**–**	1	**–**	1
$1,110,000 – $1,119,999	**–**	1	**–**	–
$1,200,000 – $1,209,999	**1**	1	**1**	1

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

Remuneration includes the fair value of options and shares issued to Directors and Executives. The estimated value of options is calculated at the date of grant using a Black-Scholes model. The fair value of shares issued is calculated based on the share price on the day the shares were transferred to employees. Prior year comparatives have been restated to include the value of options and shares issued during the year ended 30 June 2001.

Employees: As at 30 June 2002 the consolidated entity employed 3,840 full-time employees (2001: 4,481) and 2,098 part-time and casual employees (2001: 2,222).

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

30. Related party disclosures

Directors

The directors of John Fairfax Holdings Limited during the financial year were:
BM Powers, JS Pinshaw, M Burrows, Sir R Carnegie, DM Gonski, FG Hilmer, JM King, DA Shein, DR Wills.

Directors' share, option and debenture holdings

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

	Shares	PRESSES	Options
Balance at beginning of year	186,030	–	3,500,000
Acquisitions	311,629	360	–
Disposals due to resignations*	(19,169)	–	–
Balance at end of year	478,490	360	3,500,000

* David A Shein resigned from the Board on 18 September 2001.

Director-related entities

Goods and services of $nil (2001: $705,557) were provided to the consolidated entity by Com Tech Communications Pty Limited, a company of which DA Shein is a director. Consulting services of $nil (2001: $39,654) were provided to the consolidated entity by Nightcue, a company of which JS Pinshaw is a director. Reimbursements of $5,138 (2001: $4,442) were paid to Pacific Edge Advisors Pty Ltd, a company of which Sir R Carnegie is a director.

Controlled entities

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

During the financial year ended June 2000 $1,125,000 was advanced to directors of controlled entities, N Dews and N Leeder, as interest free loans. The balance outstanding as at 30 June 2002 is $1,125,000 (2001: $1,125,000). These loans are repayable either out of future bonus entitlements or when the director ceases to be an employee of the controlled entity.

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
31. Notes to the statements of cash flows				
(a) Reconciliation of cash				
For the purpose of the Statements of cash flows, cash includes cash on hand and at bank.				
Cash	**7,299**	8,542	**11,205**	–
Bank overdraft	**–**	–	**–**	(1,034)
	7,299	8,542	**11,205**	(1,034)
(b) Reconciliation of net profit to net cash flows from operations				
Net profit	**53,660**	128,069	**100,122**	83,049
Depreciation and amortisation	**67,070**	65,172	**6,027**	1,736
Amounts set aside to provisions	**35,940**	37,100	**2,881**	976
Write-down of non current assets	**8,755**	3,444	**–**	–
Net loss/(profit) on disposal of property, plant and equipment	**424**	26	**–**	–
Net loss/(profit) on disposal of investments	**–**	(348)	**–**	–
Net loss/(profit) on disposal of controlled entities/businesses	**13,500**	(18,432)	**–**	–
Share of associate's net profits/(losses)	**881**	(5,277)	**–**	–
Dividends received from associate	**–**	40,443	**–**	–
Changes in assets and liabilities net of effects from disposal of controlled entities:				
Trade debtors	**29,106**	(10,336)	**–**	–
Other debtors and prepayments	**(3,378)**	(1,417)	**–**	–
Inventories	**(1,645)**	(5,682)	**–**	–
Trade and other creditors	**32,908**	2,960	**24,663**	(5,455)
Provisions	**(44,345)**	(33,258)	**(2,093)**	(1,737)
Tax balances	**(57,056)**	(45,963)	**(986)**	4,825
Transfers from related bodies corporate	**–**	–	**(180,837)**	(149,131)
Net cash flows from operating activities	**135,820**	156,501	**(50,223)**	(65,737)
(c) Disposal of controlled entities				
Consideration:				
Cash	**15,905**	24,000	**–**	–
Costs associated with the sale of controlled entities	**(3,551)**	–	**–**	–
	12,354	24,000	**–**	–
Net assets of controlled entities disposed:				
Cash	**82**	–		
Receivables	**111**	1,910	**–**	–
Property, plant and equipment	**490**	76	**–**	–
Mastheads	**1,090**	6	**–**	–
Future income tax benefit	**1,514**	3,788	**–**	–
Provisions	**(274)**	–	**–**	–
Accounts payable	**(324)**	(122)	**–**	–
	2,689	5,658	**–**	–
Goodwill on acquisition	**(23,165)**	–	**–**	–
(Net loss)/profit on disposal	**(13,500)**	18,342	**–**	–

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

	Consolidated 2002 $000	Consolidated 2001 $000	Company 2002 $000	Company 2001 $000
31. Notes to the statements of cash flows continued				
(d) Acquisition of controlled entities				
Consideration:				
Cash	–	2,400	–	–
Retention payable	–	(2,400)	–	–
	–	–	–	–

(e) Financing facilities

Refer Note 14.

32. Financial instruments

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

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

Interest rate risk

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

32. Financial instruments continued

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

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

		Fixed interest maturing in					
	Floating interest rate $000	1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non interest-bearing $000	Total $000	Weighted average effective interest rate %
As at 30 June 2002							
Financial assets							
Cash	7,299	–	–	–	–	7,299	4.0
Receivables	–	–	–	–	199,042	199,042	–
Investments	–	–	–	–	12,281	12,281	–
	7,299	–	–	–	211,323	218,622	
Financial liabilities							
Short term money market	10,000	–	–	–	–	10,000	4.8
Bank loans	95,000	–	–	–	–	95,000	5.2
Senior notes	–	–	150,754	–	–	150,754	5.2*
Medium term notes	–	–	150,000	–	–	150,000	7.7*
Promissory notes	25,000	–	–	–	–	25,000	4.9
Other borrowings	–	–	–	108,225	–	108,225	9.4
Lease liability	54,391	–	–	–	–	54,391	12.5
Total borrowings	184,391	–	300,754	108,225	–	593,370	
Interest rate swaps	280,754	50,000	(330,754)	–	–	–	
Accounts payable	–	–	–	–	178,749	178,749	
Provision for dividends	–	–	–	–	51,457	51,457	
	465,145	50,000	(30,000)	108,225	230,206	823,576	
As at 30 June 2001							
Financial assets							
Cash	8,542	–	–	–	–	8,542	4.9
Receivables	–	–	–	–	232,051	232,051	–
Investments	–	–	–	–	18,675	18,675	–
	8,542	–	–	–	250,726	259,268	
Financial liabilities							
Short term money market	18,000	–	–	–	–	18,000	5.9
Senior notes	–	–	–	150,754	–	150,754	6.5*
Medium term notes	–	150,000	150,000	–	–	300,000	6.8*
Promissory notes	140,000	–	–	–	–	140,000	5.7
Other borrowings	–	–	–	111,625	–	111,625	10.8
Lease liability	53,955	–	–	–	–	53,955	13.1
Total borrowings	211,955	150,000	150,000	262,379	–	774,334	
Interest rate swaps	80,754	100,000	(50,000)	(130,754)	–	–	
Accounts payable	–	–	–	–	158,657	158,657	
Provision for dividends	–	–	–	–	51,442	51,442	
	292,709	250,000	100,000	131,625	210,099	984,433	

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

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

32. Financial instruments continued

Foreign exchange risk

The consolidated entity enters into a range of derivative financial instruments to manage foreign exchange risk with the objectives of reducing the risk to profitability and cashflow and removing uncertainty in valuation of the balance sheet. The principal balance sheet risk arises from the issue of Senior Notes denominated in US dollars (refer Note 14). The exposure to US dollar payments for principal and interest under this transaction was fully hedged by a cross currency and interest rate swap transaction. At balance date the fair value of this cross currency swap is $85.7million. The consolidated entity also enters into forward foreign exchange contracts to hedge foreign currency denominated payments (principally US dollars, Swiss Francs and EURO) mainly for the purchases of capital equipment, newsprint, paper and other materials.

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

		Weighted average exchange rate			
		2002	2001	**2002**	2001
		$000	$000	$000	$000
GBP	Not longer than one year	**0.3757**	–	**249**	–
EURO	Not longer than one year	**0.6245**	0.6289	**26,943**	20,601
	Longer than one year but not longer than two years	**–**	0.6326	**–**	11,663
Swiss Francs	Not longer than one year	**0.9356**	0.9436	**13,480**	6,698
	Longer than one year but not longer than two years	**–**	0.9281	**–**	9,609

Credit risk

The consolidated entity is exposed to credit risk representing the loss in the event of non-performance by financial instrument counterparties which are investment grade rated financial institutions. Credit risk is managed through the use of credit ratings and monitoring the usage of predetermined limits. As at 30 June 2002 the consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties other than the mark to market on the cross currency swap of $85.7 million (2001: $99.8 million).

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

Net fair values

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

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

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

	Carrying amount asset/(liability)		Net fair value asset/(liability)	
	2002	2001	**2002**	2001
	$000	$000	$000	$000
Investments	**12,281**	18,675	**12,281**	18,675
Borrowings*	**(593,370)**	(774,334)	**(593,370)**	(774,334)
Interest rate swaps	**–**	–	**2,461**	1,776
Interest rate options	**–**	–	**(9)**	–
Foreign currency contracts	**–**	–	**4,828**	1,796

* Incorporates the effect of currency swaps.

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

33. Segment reporting

The economic entity operates predominantly in Australia in two business segments, publishing and f2 interactive network, within the media industry. The publishing business comprises news, information and entertainment publishing and advertising sales in newspaper, magazine and electronic formats. The f2 interactive network business comprises news and classifieds and CitySearch Directories.

	Publishing		f2		Consolidated	
	2002 A$000	2001 A$000	**2002** A$000	2001 A$000	**2002** A$000	2001 A$000
Revenue						
Sales to customers outside the economic entity	**1,135,605**	1,230,913	**31,519**	51,247	**1,167,124**	1,282,160
Other revenue from customers outside the economic entity	**6,893**	14,344	**17,256**	24,041	**24,149**	38,385
Inter-segment revenue	**–**	–	**–**	–	**–**	–
Share of equity accounted profits/(losses)	**(881)**	5,277	**–**	–	**(881)**	5,277
Total segment revenue	**1,141,617**	1,250,534	**48,775**	75,288	**1,190,392**	1,325,822
Interest revenue					**6,492**	1,882
Total revenue from ordinary activities					**1,196,884**	1,327,704
Result						
Segment result*	**158,409**	223,157	**(66,563)**	(32,355)	**91,846**	190,802
Unallocated expenses					**–**	–
Consolidated profit from ordinary activities before income tax expense					**91,846**	190,802
Income tax expense					**(38,186)**	(62,733)
Consolidated profit from ordinary activities after income tax expense					**53,660**	128,069
Assets						
Segment assets	**2,267,494**	2,192,184	**47,178**	99,614	**2,314,672**	2,291,798
Unallocated assets					**–**	–
Total assets					**2,314,672**	2,291,798
Liabilities						
Segment liabilities	**952,588**	1,132,336	**17,634**	18,478	**970,222**	1,150,814
Unallocated liabilities					**–**	–
Total liabilities					**970,222**	1,150,814
Other segment information:						
Equity method investments included in segment assets	**3,303**	4,184	**–**	–	**3,303**	4,184
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**120,175**	198,390	**4,630**	26,926	**124,805**	225,316
Depreciation	**59,189**	57,308	**5,225**	5,261	**64,414**	62,569
Amortisation	**1,264**	1,262	**1,392**	1,341	**2,656**	2,603
Non-cash expenses other than depreciation and amortisation	**39,313**	36,915	**5,382**	3,434	**44,695**	40,349

* The segment result includes net interest expense of $29,720 (2001: $43,851).

Directors' Declaration

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

1. In the opinion of the directors:
   (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on the date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 24 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

Jonathan S. Pinshaw
Chairman Finance and Audit Committee

Frederick G. Hilmer
Chief Executive Officer and Director

Sydney, 19 September 2002.

Independent Audit Report

to the members of John Fairfax Holdings Limited

Scope

We have audited the financial report of John Fairfax Holdings Limited ('the Company') for the financial year ended 30 June 2002, as set out on pages 8 to 39, including the Directors' Declaration. The financial report includes the financial statements of John Fairfax Holdings Limited, and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of John Fairfax Holdings Limited is in accordance with:
   (a) the Corporations Act 2001 including:
      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
      (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
   (b) other mandatory professional reporting requirements in Australia.

Ernst & Young

David J Simmonds
Partner

Sydney, 19 September 2002

Shareholder information

John Fairfax Holdings Limited and controlled entities

Twenty largest holders of securities at 31 August 2002	Number of securities	%
(i) Ordinary shares		
National Nominees Limited	130,955,799	17.81
JP Morgan Nominees Australia	113,712,951	15.47
Citicorp Nominees Pty Limited	60,494,080	8.23
Westpac Custodian Nominees Limited	52,996,403	7.21
RBC Global Services Australia Nominees Pty Limited	43,743,601	5.95
Queensland Investment Corporation	18,936,901	2.58
Commonwealth Custodial Services Limited	17,275,944	2.35
MLC Limited	14,316,335	1.95
HSBC Custody Nominees Australia Limited	12,581,013	1.71
ANZ Nominees Limited	11,483,574	1.56
Westpac Financial Services Limited	9,221,982	1.25
AMP Life Limited	7,907,728	1.08
Cogent Nominees Pty Limited	7,356,586	1.00
Westpac Life Insurance Services Limited	4,595,344	0.63
Australian Foundation Investment Company Limited	3,457,253	0.47
Cambooya Pty Limited	3,386,302	0.46
Mrs Caroline Elizabeth Oswald Simpson	2,688,340	0.37
CSS Board	2,518,067	0.34
Government Superannuation Office	2,207,499	0.30
PSS Board	1,993,605	0.27
	521,829,307	70.99
(ii) Preferred Reset Securities Exchangeable for Shares (PRESSES)		
Commonwealth Custodial Services Limited	179,728	7.19
RBC Global Services Australia Nominees Pty Limited	174,079	6.96
Share Direct Nominees Pty Limited	173,365	6.93
UBS Warburg Private Clients Nominees Pty Limited	116,065	4.64
Questor Financial Services Limited	83,474	3.34
JP Morgan Nominees Australia Limited	73,595	2.94
The National Mutual Life Association of Australasia Limited	70,000	2.80
Equipart Nominees Pty Limited	50,000	2.00
National Nominees Limited	32,290	1.29
Australian Foundation Investment Company Limited	28,250	1.13
Westpac Financial Services Limited	25,000	1.00
Elise Nominees Pty Limited	24,134	0.97
Westpac Custodian Nominees Limited	23,600	0.94
Taykids Investments Pty Limited	20,000	0.80
Tower Trust Limited	13,254	0.53
Warbont Nominees Pty Limited	12,903	0.52
UBSW Nominees Pty Limited	12,100	0.48
Hardings Hardware Pty Limited	11,059	0.44
Equity Trustees Limited	10,260	0.41
Argo Investments Limited	10,000	0.40
Permanent Trustee Company Limited	10,000	0.40
Sandhurst Trustees Limited	10,000	0.40
Sydney Legacy Appeals Fund	10,000	0.40
	1,173,156	46.91

Notes to the Financial Statements
for the year ended 30 June 2002
John Fairfax Holdings Limited and controlled entities

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

(iv) Options

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

Substantial shareholders

Substantial shareholders as shown in substantial shareholder notices received by the Company at 31 August 2002 are:

	Ordinary Shares
Colonial Limited	89,867,661
Permanent Trustee Company Limited	82,469,593
UBS Nominees Pty Limited	64,823,739
Commonwealth Bank of Australia	62,173,407
Perpetual Trustees Australia Limited	45,384,220
Deutsche Bank Group	43,976,019

Distribution schedule of holdings at 31 August 2002

No. of securities	No. of ordinary shareholders	No. of PRESSES holders	No. of debenture holders	No. of option holders
1 – 1,000	11,571	6,052	1	–
1,001 – 5,000	26,030	112	–	–
5,001 – 10,000	4,697	14	–	30
10,001 – 100,000	2,277	20	–	139
100,001 and over	156	3	–	16
Total number of holders	44,731	6,201	1	185
Number of holders holding less than a marketable parcel	795	–	–	–

Voting rights

Voting rights of 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. Debentures, options and PRESSES do not carry any voting rights.

Performance summary

		2002	2001	2000	1999	1998	1997	1996
Total revenue	$M	**1,196.9**	1,327.7	1,408.6	1,315.3	1,153.6	1,027.9	1,006.1
Operating revenue	$M	**1,174.8**	1,288.5	1,344.9	1,144.8	1,109.3	1,023.2	995.9
Earnings before depreciation, interest and tax (EBITDA)	$M	**188.6**	299.8	390.3	322.0	293.1	253.0	237.1
Depreciation	$M	**67.1**	65.2	64.7	67.1	69.3	68.2	41.5
Earnings before interest and tax	$M	**121.6**	234.6	325.6	254.9	223.8	184.8	195.6
Net interest expense	$M	**29.7**	43.8	47.6	46.7	55.9	67.0	44.0
Profit before tax and abnormals	$M	**N/A**	N/A	N/A	208.2	167.9	117.8	151.6
Abnormal items	$M	**N/A**	N/A	N/A	26.5	(8.5)	(16.4)	(21.9)
Profit before tax	$M	**91.8**	190.8	278.0	234.7	159.4	101.4	129.7
Income tax	$M	**38.2**	62.7	92.6	56.2	47.6	27.4	42.2
Net profit	$M	**53.7**	128.1	185.8	180.3	111.8	74.0	87.5
Net profit before significant items	$M	**90.2**	126.2	168.4	134.5	111.6	85.0	102.2
Total equity	$M	**1,344.5**	1,141.0	1,088.6	984.5	1,142.4	1,090.6	1,086.0
Total assets	$M	**2,314.7**	2,291.8	2,152.7	2,105.2	2,098.2	2,165.4	2,223.1
Total borrowings	$M	**593.4**	774.3	622.5	755.9	669.5	812.6	867.0
Number of shares and debentures	M	**735.1**	734.9	730.6	728.0	806.9	798.0	796.0
Number of shareholders		**44,731**	45,007	32,325	21,353	19,211	21,073	22,481
Number of PRESSES holders		**6,201**	–	–	–	–	–	–
EBITDA to operating revenue	%	**16.1**	23.3	29.0	28.1	26.4	24.7	23.8
Earnings per share	Cents	**6.2**	17.5	25.5	23.2	14.0	9.3	11.0
Earnings per share before significant items	Cents	**11.2**	17.3	23.2	17.3	13.9	10.7	12.8
Operating cash flow per share	Cents	**18.5**	21.3	43.5	33.2	26.3	23.7	14.6
Dividend per share	Cents	**11.5**	11.5	11.5	10.5	9.5	9.5	9.5
Interest cover based on EBITDA before significant items	Times	**7.8**	7.0	8.2	6.9	5.2	3.8	3.6
Gearing	%	**43.6**	67.1	56.2	74.8	58.4	74.0	79.3
Return on equity	%	**4.0**	11.2	17.1	18.3	9.8	6.8	8.1

Directory

Annual General Meeting

The annual general meeting will be held at 10.30 am on Wednesday, 6 November 2002 at the Plaza Ballroom, The Regent Theatre, 191 Collins Street, Melbourne.

Financial Calendar

For Financial Year 2001–2002

Books close for final dividend	4 October 2002
Annual general meeting	6 November 2002
Final dividend mailed	17 October 2002
PRESSES dividend	December 2002

Estimated for Financial Year 2002–2003

Interim result and dividend announcement	February 2003
Interim dividend mailed	April 2003
PRESSES dividend	June 2003
Preliminary final result and dividend announcement	September 2003
Final dividend mailed	October 2003
Annual general meeting	November 2003
PRESSES dividend	December 2003

Company secretary

Gail Hambly

Registered office

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Sydney NSW 2000
Ph: (02) 9282 3046
Fax: (02) 9282 3065

Share registry

ASX Perpetual Registrars
Level 8
580 George Street
Sydney NSW 2000
Ph: 1300 888 062
Fax: (02) 9261 8489

Stock exchange listing

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

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

Website

This Full Financial Report and the Company's Concise Report can be found via the Fairfax Corporate Website at www.fxj.com.au. The Company's family of websites can be accessed through www.f2.com.au.

Removal from annual report mailing list

Shareholders who do not wish to receive either the Full Financial Report or the Concise Report should advise the Share Registry in writing.

Consolidation of shareholdings

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

Direct payment to shareholders' accounts

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

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