2011 ANNUAL REPORT

Fairfax Media

INFORMATION 24/7

ABN 15 008 663 161

Our competitive edge is extended through our multi-media platform approach that engages with high quality audiences throughout the day.

This approach allows Fairfax Media to create advertising opportunities that leverage this unique audience.

MORNING

In the morning our audiences catch the overnight headlines and stories that set the news agenda for the day.

DAY

Newspaper

Across Regional, Metropolitan and Agricultural markets in Australia and New Zealand, we publish over 430 newspapers and magazines.

Radio

15 radio stations and 13 narrowcast licences in Australia including the largest news talk network in the country.

Smartphone

Over two million news and product applications downloaded.

Tablet

Over 200,000 news tablet applications downloaded.

Online

The number one news and information websites in Australia and New Zealand.

Online Transactions

Want to buy or sell a home or a car, looking for a job, auction some goods, rent a holiday house, find a baby sitter, tender for a contract or find a date? Our audiences can do it online.

See page 121 for a concise listing of all Fairfax Media Limited media assets.

Throughout the day our audiences keep up to date with what is happening in the world around them.

Online Video

Building on our number one position online, audiences grow at lunchtime to view our online news and information videos.

Smartphone

Quick update on what has happened during the day.

EVENING

In the evening, as our audiences relax, they have the time to view in more depth the news of the day.

Smartphone

Quick update on what has happened during the evening.

Tablet

More time to have a deeper read of the stories making the news.

Online Transactions

Want to buy or sell a home or a car, looking for a job, auction some goods, rent a holiday house, find a baby sitter, tender for a contract or find a date? Our audiences can do it online.

Smart TV

Viewing of the news applications created for the new generation TV's.

CHAIRMAN'S REPORT

This has been a challenging year for the media sector, with initial expectations that the benign operating conditions that characterised the 2010 year would continue quickly displaced when consumer and advertiser sentiment turned sharply negative in November.

The subsequent prolonged downturn put Fairfax Media to the test as we were required to aggressively respond to cyclical factors, while continuing to address the challenge of structural change in some parts of our business.

I am pleased to report that your Company responded well to the challenge. We had taken tough measures in 2008 and 2009 in an effort to ensure that the Company was well placed to withstand changes in our markets, and the highly creditable operating results reported for the financial year are testament to three key decisions and areas of focus.

Most importantly, our decision to diversify our operations away from dependence on metropolitan newspapers continues to serve us well. You have heard us say before that your Company is now diversified across technologies and channels, reaching larger audiences than at any time in its history. The benefit of this spread of operations was tangibly demonstrated by our two largest operating divisions – Australian Regional Media and Online – which delivered growth in both revenue and operating profits for the year notwithstanding the tough operating environment.

Faced with changing market conditions we have continued to seek cost and productivity improvements. We have reduced costs across our business by 10 per cent over the last three years, and there was no cost growth at all during the second half of the financial year. We are committed to making substantial additional cost savings over the next two years.

The third area of key strategy change has been to reduce our debt levels. Considerable improvement has been made and the Company is now one of the least geared in our industry. It is planned that as asset sales are affected, further reductions in gearing will occur.

RESULTS HIGHLIGHTS

After recording a strong rebound in profitability in 2010, the 2011 financial year was one of consolidation as we responded to the more difficult operating environment. While these operating results were pleasing in the context of a difficult year, our reported statutory profits, expressed after significant items, showed a loss of $390.9 million. Nonetheless, underlying financial results showed only modest declines, with highlights including:

- a net profit after tax and SPS dividend of $273.7 million; down 1.8 per cent on the prior year
- earnings per share of 11.6 cents, down 1.7 per cent on last year
- operational cashflow increasing 8.5 per cent
- final dividend increase of 7 per cent to 1.5 cents per share; bringing total dividends for the year to 3.0 cents a share.

The significant items related largely to a review undertaken as part of the year end accounting and audit processes of the carrying value of intangible assets on the Balance Sheet. This analysis was undertaken with reference to the present value of expected future cashflows. Based on this review, the Company has written down the value of mastheads, customer relationships and goodwill by $650.7 million after tax. Following this writedown, which does not impact the Company's cash balance or debt covenant compliance, the carrying value of the Company's intangible assets is $5.3 billion.

EXECUTIVE LEADERSHIP

In December 2010, Mr Brian McCarthy resigned from his role as Chief Executive Officer and Managing Director of the Company. At this time, Mr. Greg Hywood, at the time a Non-Executive Director, assumed the role of Chief Executive, initially on an acting basis before the completion of a global executive search led to his candidacy being confirmed on a full time basis.

Mr McCarthy had been with Rural Press and then Fairfax Media for 34 years, and his leadership played a key role in steering the Company through the Global Financial Crisis. He also achieved considerable success in driving cultural change.

Fairfax Media was fortunate to have available an executive of the calibre of Mr Hywood. At the time of his appointment as acting Chief Executive, Mr Hywood had served on the Fairfax Board for a little over two months, but this was just the latest chapter in his involvement with the Company.

A Walkley Award winning journalist, Mr Hywood had held a number of senior management positions at Fairfax Media, including Publisher and Editor in Chief of each of The Australian Financial Review, The Sydney Morning Herald/Sun Herald and The Age. He also held the position of Group Publisher Fairfax magazines.

We believe that in Mr Hywood, your Company has an executive with the right background and skills to respond to the exciting opportunities and challenges ahead.

BALANCE SHEET

Ensuring that Fairfax Media has a balance sheet appropriate for capital market conditions and the operating environment is a primary concern of your Board.

UNDERLYING NET PROFIT AFTER TAX*

$273.7M

Down **1.8%** from last year

STATUTORY NET LOSS AFTER TAX

$390.9M

TOTAL DIVIDENDS

3.0 cents fully franked

Up **20%** from last year

With this in mind, achieving a reduction in debt levels was a significant focus during the year. Adjusting for the repurchase of $300 million in Stapled Preference Shares, net debt decreased $247 million to $1.49 billion during the year as substantial free cashflow was dedicated to debt repayment.

We are now well positioned. The Company is comfortably within all debt covenants and we are highly confident that debt maturities in 2012 and 2013 will be fully covered by cash flow from business operations together with unused credit facilities currently in place.

Nevertheless, your Board is committed to further reducing debt levels over the medium term.

STRATEGY AND BUSINESS MIX

Following finalisation of the Company's Strategic Plan in November, our focus has been on positioning Fairfax Media for long term growth. A comprehensive transformation of our Metropolitan Media Business, which is expected to yield tangible results by 2013, is a central element of this program.

We are also prepared to make changes to our mix of businesses if we believe that doing so would maximise shareholder value.

During the year, we commenced a process of exploring the sale of our metropolitan and regional radio assets. Fairfax Radio is a leading national radio network with strong established brands and a loyal listener and advertiser base in each of its key markets. However, the radio business is not integrated with other business activities of Fairfax Media, and the decision to explore a sale followed strong expressions of interest from prospective acquirers.

Following the end of the financial year, we have separately announced an intention to pursue the partial float of Trade Me on the New Zealand Stock Exchange, with Fairfax Media to retain a shareholding of between 65 and 70 per cent. We believe that Trade Me has developed to the point that it is poised to flourish as a listed company, while providing the business with independent access to capital markets in order to fund growth which will be in the interests of both Fairfax Media and Trade Me.

Notably, your Company retains full flexibility in relation to these sale and float processes. We will only proceed with one or both transactions if shareholder interests are being well served, and our price requirements are met.

* Refer to the reconciliation of underlying to statutory results on page 36.

DIVIDEND

On the basis of solid operating results and the health of the Company's balance sheet, the Board decided to pay an interim dividend of 1.5 cents in March 2011 and a final dividend of 1.5 cents per share, fully franked.

The total dividend payout ratio for the year was 25.6 per cent, an increase on 21 per cent last year.

The Board closely monitors the dividend payout ratio, with a view to moving the dividend payout ratio higher as conditions allow. Successful completion of at least one of the Fairfax Radio or Trade Me transactions will allow the Company's debt balance to be further reduced, and the dividend payout ratio to be revisited.

GOVERNANCE AND SUSTAINABILITY

An important governance development for the Company this year was the establishment of a Sustainability & Corporate Responsibility Board Committee. This is a significant move, bringing a more focused approach to work already undertaken across the group, and assisting the Board to play a leadership role in finding new ways for the Company to improve on its corporate social responsibility.

Corporate social responsibility is an area that we take extremely seriously. As a media company, it is particularly important that we remain vigilant in maintaining our high standards of editorial integrity. We look forward to the Sustainability & Corporate Responsibility Board Committee playing a lead role in delivering on this objective.

OUR PEOPLE

On behalf of the Board I would like to sincerely thank the employees of Fairfax Media for all their efforts throughout this challenging year. The fantastic content we generate every single day is the backbone of our Company. Whether it is the local reporting of a school event in a town in regional Australia, the heartrending coverage of the catastrophic earthquake in Christchurch or the breaking of a political scandal in Canberra, our people are there to report and provide our audiences with the best coverage.

Roger Corbett, AO
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

It is a pleasure to report to you for the first time as the chief executive of Fairfax Media. I am honoured to be in the role and I am committed to ably leading this Company through the important years of constructive change that must lie ahead for us.

To better appreciate the year just past and what has been achieved by your Company, it is perhaps helpful to see it as a year with two distinct halves in terms of performance. The year until November 2010 saw a reasonably strong economy and business traded well as a result. From November, the combination of interest rate change and other wider global and domestic influences saw sentiment affected and quite marked weakening in activity.

While you and I demand stronger performance, I believe what has been achieved in the face of the prevailing economic headwinds has been more than creditable.

Our revenues held up well in the difficult market, our cost control was tight and well maintained and it is clear that our multi-platform strategy is gaining traction. The Company's underlying operating profit after tax of $273.7 million, a decrease of only 1.8 per cent on last year and the strong 8.5 per cent increase in trading cash flow are testaments to these attributes.

We are managing this market because we have a plan and we are implementing it. We are managing it because we have very strong regional and agricultural businesses and because we are making the changes that have to be made across the business. We are managing it because we have been in profitable digital businesses for a long time and they are growing.

In the last six months we have refreshed the corporate structure and with it the management team. We now have the right structure and the right people in place and they are getting on with the job.

The structural changes have included bringing the digital business of our metropolitan mastheads under the same management as the print publications for the first time. Executive leadership of the Company was also reshaped, with a number of new appointments to divisional management.

The operating businesses of the Company are now under the leadership of:

- Allan Browne – Australian Regional Media
- Jack Matthews – Australian Metropolitan Media
- Grant Cochrane – Agricultural Media
- Nic Cola – Marketplaces
- Bob Lockley – Printing
- Graham Mott – Broadcasting
- Allen Williams – New Zealand Media
- Jon Macdonald – Trade Me.

We also welcome Brett Clegg, our new chief executive of the Financial Review Group, who rejoined our Company following the end of the financial year.

The executive team has identified three priorities for the next two years as we set about delivering on our strategic goals.

The first area of focus is a transformational remodelling of our metropolitan publishing business to boost its profitability and respond to structural decline in print publishing in metropolitan media markets. We have already made substantial progress. Now led by Jack Matthews, the metropolitan publishing division is growing the cross-platform presence of our mastheads. The highly successful launch of market-leading iPad applications for The Age and the Sydney Morning Herald is just one of several developments in this area.

We have also re-engineered the sales teams to facilitate cross-platform sales, generated $10 million in annual savings through outsourcing sub-editing, and achieved further efficiencies through the introduction of cross-platform editing.

There are more changes to come this year including changes to our pricing strategy across platforms and extracting efficiencies from printing, distribution and circulation. These initiatives are expected to make a substantial contribution to our recently announced plans to achieve permanent cost reductions across Fairfax Media of $85 million per annum by June 2013.

UNDERLYING EBITDA*

$607.4M

Down **5.0**% from last year

CASH FLOW FROM TRADING*

$624.3M

Up **8.5**% from last year

NET DEBT REDUCED BY

$247.3M

From last year (after SPS)

However, it is not just in the metropolitan publishing business that we are seeking to change business models and drive improvement. Our second area of priority is improved operating performance across the group. Contributing to this goal will be a strategic review of the Financial Review Group, accelerated rollout of an enhanced digital presence for our regional mastheads, and, in due course, a relaunch of our positioning in auto and employment classifieds. We are also taking a more active approach to selective brand extension into adjacent areas, such as events.

Finally, delivering on our strategy will involve a degree of reshaping of the businesses within the Company to improve the long term growth rate of the group. We want to increase our exposure to growth businesses, through investing in growth and bolt-on acquisitions, always with one eye on maintaining and improving our balance sheet strength. The processes that we have announced to potentially sell our broadcasting assets, and to undertake a partial IPO of Trade Me, are consistent with this strategy. We are particularly excited by the opportunities that will be available to Trade Me – which is a very strong business – once it has independent access to capital markets. We have also made small recent acquisitions in digital transactional businesses in travel and tendering and while major acquisitions are not currently on our agenda, we are certainly prepared to consider additional initiatives to leverage our existing digital presence and gain exposure to additional high-growth niches.

While the last six months has seen much needed change, one thing hasn't changed and is at the core of Fairfax Media – our unwavering focus and commitment to quality independent journalism. This is what we do. It is our competitive advantage. We use journalism and content to create audiences in print, on air, online, and on screen. And we sell those audiences through advertising, transactions and subscriptions. And technology is on our side.

Consider what has been achieved. Fairfax has been responding decisively to domestic and global structural changes in the media, and we are doing it as we move through a prolonged cyclical downturn.

Some question the Fairfax future and indeed the future of many media companies. Those inside your business do not hold those concerns.

So in summary at the end of the 2010/2011 financial year your Company has strong cashflows and a strong balance sheet. We are in a more than reasonable debt position and will decrease debt further. We have some of the best digital businesses in the country and a regional business envied by many.

We are proud to have the best high quality independent journalism in the country and we are committed to ensuring it stays that way. We have hard work ahead of us including getting the metropolitan business right for the new media world but we know what has to be done and we are doing it.

In closing I would like to pay tribute to all our employees, but in particular those who have had to contend with some extraordinary events this year. Our employees have had to contend with natural perils including floods in Queensland and Victoria and the tragic earthquake in Christchurch. These were shocking events for the communities that we serve, and I was proud of the dedication shown by all of our people for reporting and distributing the news in the midst of catastrophe.

Gregory Hywood
Chief Executive Officer and Managing Director

* Refer to the reconciliation of underlying to statutory results on page 36.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT 2011

The Company has a 180 year legacy of good corporate citizenship. This commitment to corporate social responsibility goes back to the Company's very beginnings and fundamental purpose – to inform, inspire and connect with its audience.

This year, the Company established its first Sustainability & Corporate Responsibility Board Committee and adopted its supporting Charter. The Committee's objective is to advise and assist the Board in setting an overall direction for the Company's commitment to operating its business sustainably, responsibly and ethically. In practice, this means bringing together the work already being undertaken across the group and finding ways in which the Company can improve on its corporate social responsibility activities through a more focused approach.

Sustainability means taking a long term view. It means recognising the vital links between the Company's financial viability, delivering shareholder value and our responsibility to the **community**, the **environment**, **employees** and maintaining its high standard of **editorial integrity**.

This report provides an overview of the Company's work in each of these highlighted areas.

The Company recognises that its employees, customers, audience and investors are all placing increased emphasis on sustainability and are demanding more transparency about the ways in which the Company delivers on its corporate social responsibility objectives.

Over the next 12 months, the Company will be reviewing and benchmarking its current corporate social responsibility activities so that it can measure improvement and identify those areas in which it is best able to extend its support and resources.

The Company is proud of its achievements to date and looks forward to communicating more regularly with its stakeholders about the diversity and quality of work being undertaken in this area.

EDITORIAL INDEPENDENCE AND INTEGRITY

In an era of media consolidation and increased concern about media integrity, the Company's commitment to editorial ethics and transparency has never been more important. It is these principles that underpin a robust democracy and exist at the core of the Company's values.

NEXUS BETWEEN QUALITY JOURNALISM AND DEMOCRACY

The Company has a fundamental responsibility to its readers and listeners to publish and broadcast content that is accurate, fair and balanced. Media organisations play an essential role in holding Governments, individuals and organisations to account, advocating for social justice and keeping the public informed of local and global events.

This is an area of corporate social responsibility in which the Company has a unique and powerful role to play.

JOURNALISTIC INTEGRITY

The Company has a broad range of processes and policies in place to ensure that all employees understand and abide by their ethical and legal obligations. A Code of Conduct binds all employees of the Company and, in addition, there are specific journalist codes of ethics and related policies.

The Company has undertaken to spend more resources on training, equipment and recruiting investigative journalists and other specialist editorial roles. The Company's recent announcement about the creation of a Readers' Editor at The *Sydney Morning Herald* and *The Age* was an important milestone in building trust with audiences and promoting editorial integrity. The Readers' Editor acts as an independent advocate on issues relating to editorial policy, ethics, standards and overall editorial performance.

ADVOCACY

The Company takes an active role in lobbying for changes to the law which secure Australia's right to editorial freedom and transparent Government processes.

The Company was a founding member of *Australia's Right to Know* coalition. The Coalition's biggest achievements to date include its successful lobbying of the Government to introduce more robust freedom of information laws and journalist 'shield' laws. These new laws provide important protection for journalists' sources and, as a consequence, assist whistleblowers in the public interest.

THE CHRISTCHURCH PRESS: KEEPING COMMUNITIES INFORMED AND CONNECTED DURING DIFFICULT TIMES

On 22 February 2011, the city of Christchurch was hit by a devastating earthquake, taking 181 lives and destroying hundreds of residential homes and office buildings including the Company's editorial building in the centre of Christchurch. The Company lost one of its employees in the earthquake and others were seriously injured. Despite the chaos and despair, the Christchurch Press immediately activated contingency plans and kept publishing during the crisis. The team in Christchurch managed to publish and home-deliver newspapers across Christchurch the day after the quake. For many homes – left without power – their only source of news and important updates was through the pages of *The Press*. Putting out a newspaper in these circumstances was an extraordinary effort and demonstrates the dedication and commitment of *The Press* to its community. In August, *The Press* was awarded newspaper of the year in the 25,000-90,000 circulation category at the 2011 Pacific Australasian Newspaper Association (PANPA) Awards.

EDITORIAL FREEDOM ABROAD

The Company is also concerned with sponsoring and promoting editorial freedom amongst its regional neighbours. For many years, the Company has sponsored *Tempo Semanal*, a free and independent newspaper published in East Timor. In addition to donating a printing press, the Company also provides ongoing editorial support and resources from among its senior journalists.

COMMUNITY

The Company operates in partnership with a diverse range of charities and not-for-profit organisations to create shared value. These relationships exist both nationally and within the hundreds of local communities in which the Company operates. The satisfaction of simultaneously delivering corporate and social value through hard work is important to the Company's employees.

CHARITY FUNDRAISING AND ADVERTISING SUPPORT

The Company donated approximately $18 million worth of free or heavily discounted advertising to charities and not-for-profit organisations. The Company also facilitates and sponsors a range of major community events, which raised millions of dollars for charities in 2011.

The Company has an expanding calendar of culture, entertainment, food, wine and sporting events which collectively attract millions of participants each year. With a proud history of delivering world-class, vibrant and inspiring events, the Company has been able to leverage the authority and leadership of its major mastheads while having a positive impact on the community.

The Sun-Herald City2Surf presented by Westpac is the world's largest fun run, with a record 85,000 entrants participating in 2011. This is larger than the New York and London marathons combined. This year, the City2Surf included its first elite wheelchair start, which was an important milestone for the disabled community. The 2011 City2Surf event raised over $3.4 million for more than 550 charities. From the Company, there were 361 participants, who together raised almost $25,000.

In Melbourne, the Company recently announced the launch of *The Sunday Age* City2Sea, which will take place for the first time on Sunday, November 13, 2011. The main charity partner for the City2Sea is Movember, a charity supporting men's health.

WORKPLACE GIVING PROGRAM

The Company's Australian employees participate in a workplace giving program, *More Than Words*. This enables employees to donate pre-tax dollars to nominated charities. To date, the program has raised over $510,680. Our employees also regularly participate in other specific fund raising activities. For example, in 2011, through the Company's facilitated program, our employees donated $57,284 to the Queensland Flood Relief Appeal, which was matched by the Company and supplemented by a further corporate donation of $75,000. Staff and Company donations were also made to assist victims of the Victorian floods and Christchurch earthquake.

To support the Company's workplace giving program, a Fairfax Charity Community Bulletin Board has been established. Employees can post notices on the Board about charity and community events to generate publicity or financial support.

PROMOTING EDUCATION AND LITERACY

While the Company participates in a broad range of community and charitable initiatives, it recognises the strategic benefit of leveraging its existing resources and expertise in particular areas. A good example is the Company's extensive schools and literacy support programs.

The NSW Priority Schools Program supports government schools in the areas with the highest densities of low socio-economic status families. The program provides resources and funding to improve the literacy and numeracy of the students. Teachers have access to weekly news quizzes and assignments that use each edition of the Herald. The Company runs similar programs in Victoria, reaching 95% of Victorian schools and helping to encourage young people to develop a critical understanding of the media and issues in the news.

The Company also partners with other bodies to deliver programs to improve youth literacy, including for example, the NSW and Victorian Premiers' Reading Challenges. In Victoria, more than 200,000 young people take part in the Challenge each year, reading close to four million books collectively.

The Company was a foundational sponsor of the *Sydney Story Factory*, a not-for-profit creative writing centre for children. The initiative is targeted at disadvantaged children, especially those from indigenous and non-English speaking backgrounds. Volunteer tutors offer free help to tell stories of all kinds, giving children the ability to express their thoughts and feelings, while providing new ways of understanding the world around them.

Another youth focused initiative in Victoria was the Company's launch of *The Under Age* – a pilot program designed to give aspiring journalists at secondary schools access to the skills and expertise of *The Age*'s editorial employees. Every fortnight, 12 students meet at Media House to produce an online newspaper at www.theunderage.com.au. Journalists and editors visit the sessions regularly to share their expertise and knowledge.

ENVIRONMENTAL SUSTAINABILITY

The Company has demonstrated a strong commitment to taking action on climate change and reducing its energy consumption. There are varying levels of activity across the Company's different businesses, taking into account the nature of work undertaken at each site, the size and age of the building and the resources available to implement change.

TRADE ME IS CARBON NEUTRAL

Significant achievements have been made in some parts of the Company's business. For example, Trade Me, one of the Company's largest businesses, has continued to renew its carbon neutral status each year since 2008. This means it measures its carbon emissions, is committed to reducing its emissions and offsets any residual emissions. To offset its emissions, Trade Me last year purchased carbon credits (Verified Emission Reductions) from New Zealand's first Kyoto Protocol Joint Implementation landfill gas methane capture project at the Awapuni landfill located in Palmerston North.

PRINTING

The Company's printing operations are responsible for most of its carbon footprint and consequently, particular emphasis is placed on managing their environmental impacts. All waste newsprint, aluminium plates, plastics, cardboard, ink and rags are recycled. Recent data has confirmed that Australia is a global leader in recovery of newsprint. For almost two decades, the proportion of Australia's old newsprint that is recovered each year has increased. The most recent newsprint recycling report commissioned by the Publishers National Environment Bureau (of which Fairfax is a member) showed that 78.7% of Australian newsprint was recovered. The average recycling rate for newsprint in Europe is 68.9%.

Newsprint for the Company's newspapers is produced through a combination of recycled paper and plantation softwood. No paper is sourced from old growth forests.

In addition energy consumption has been reduced through the installation of energy efficient equipment (such as insulation, lighting controllers and sensor lights) and water saving actions (such as modified cooling towers and flow restriction devices).

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY REPORT 2011 CONTINUED

MOVING TO MORE ENERGY EFFICIENT BUILDINGS

Over the past few years, the Company has moved its two biggest workplaces, in Sydney and Melbourne, into new and more energy efficient buildings. The move from *The Age*'s Spencer Street premises to Media House in Melbourne resulted in more than a 50 per cent reduction to our energy costs at that site – despite the fact that the Company also consolidated various other worksites and as a result now accommodates significantly more employees at Media House.

EDITORIAL COVERAGE

The Company recognises its unique ability to influence and inspire action in relation to sustainability issues.

The Company places significant emphasis on reporting about environmental issues and recruiting experienced and talented journalists to write accurate and balanced content about climate change issues and promote public debate.

Within the last year, the Company's major metropolitan titles published over 6,000 substantive stories on climate change and environmental matters. In July, *The Sunday Age* launched a new reader driven initiative, where readers were asked to set the 'climate agenda' by voting on the top 10 environmental questions they wanted addressed in *The Sunday Age*.

2011 ENERGY AUDIT

The Company believes it can do more to reduce its carbon footprint and other adverse environmental impacts. Shortly, it will be undertaking a Company-wide energy audit to identify further energy abatement opportunities. Following the audit, the Company is aiming to set a carbon reduction target for 2012 and future years.

EMPLOYEES

The Company's 12,000+ employees are working in unprecedented times. The media landscape has changed dramatically in the past few years and is expected to continue evolving in order to meet demands driven by technology and reader habits.

The Company is working hard to address these changes and to ensure that its employees have the skills and training necessary to work in the new media environment. The Company recently announced it would spend almost $3.5 million over the next three years investing in quality journalism and training on its major metropolitan mastheads.

WORKPLACE SAFETY

Employee safety is a primary focus area for the Company. The Company's Board and management have a good safety record. The Company has many systems and processes in place to meet its safety obligations and recently restructured its Occupational Health & Safety function to boost the level of expertise, resources and consistency across the organisation. Between June 2010 and July 2011, there was a 22 per cent reduction in Lost Time Injuries (LTI) and the LTI frequency rate fell from 4.09 to 3.20.

The Company delivered specialist safety training to a significant number of employees across all business units and divisions. The Company conducts regular safety and environmental audits to comply with legislative requirements. Our print sites continue to win safety awards with both The Age Print Centre in Melbourne and Fairfax Regional Printers in Dubbo winning PANPA awards for safety in 2010 and 2011 respectively.

GENDER DIVERSITY

During the year, the Company became a member of the Diversity Council of Australia and developed a new diversity policy.

The Company's workplace gender demographics are as follows:

- the proportion of women on the Board is 22 per cent
- the proportion of women in senior management positions is 18 per cent
- the proportion of women employed across the organisation is 52 per cent.

The Company recognises it can do more in this area and there are a number of initiatives underway to support the implementation of the new policy.

EMPLOYEE ENGAGEMENT SURVEY

This year, the Company conducted its first group wide employee survey. Almost 5,000 employees completed the survey. The survey results showed that the Company's employees were concerned about many issues, including internal communication, transparency on pay and strategy and career opportunities. Division managers have met with their teams to discuss the survey results and are presently implementing plans to deliver an improvement. The Company will continue to conduct employee engagement surveys each year and expects to see an improvement on this year's results. This expectation has been clearly communicated to division managers, who will be accountable for demonstrating improvements in future years.

MANAGING WORKPLACE CHANGE

In 2011 various restructuring programs were implemented, including the decision to outsource a large proportion of the Company's Australian metropolitan newspapers' sub-editing work. Any decision to outsource or restructure is difficult, particularly in relation to how the decision impacts upon employees. However, these decisions are considered necessary to secure the long term financial sustainability of the Company's business operations. In the case of the sub-editing restructure, the decision was also designed to allow the reallocation of resources, allowing the Company to invest more in the creation side of quality journalism.

Whilst the Company understands and acknowledges that not everyone will agree with the necessity to make these decisions, it is still able to demonstrate its ability to implement these changes in an ethical manner. The Company honoured all of its obligations to consult with employees and their representatives and provided full redundancy benefits.

The Company has recently announced further cost saving measures to be implemented over the next two years. These changes are likely to impact certain groups of employees, particularly in the Company's metropolitan printing divisions. Again, the Company will ensure that these changes are managed responsibly and in compliance with the Company's legal and ethical obligations.

EMPLOYEE ASSISTANCE: THE FAIRFAX FOUNDATION

The Company has a long and proud tradition of providing financial and other assistance to employees in need. This assistance is often given through the Fairfax Foundation. The Fairfax Foundation was established in 1959 by the Fairfax family with a donation of £100,000. The Foundation operates separately to the Company and exists solely for the benefit of current and former staff members and their dependants to help alleviate hardship or distress. The Foundation is governed by a board of Trustees comprising of four Company appointed Trustees and four employee elected Trustees. The Foundation provides a range of grants, interest free loans and discount holiday rental accommodation. The purpose of the grants range from medical grants, funeral grants, education grants and general hardship grants. Over the past three years, the Fairfax Foundation has made approximately $1,000,000 in benefit payments. The Foundation publishes an Annual Trustee Report.

ANNUAL GENERAL MEETING

The annual general meeting will be held at:

10.30am on Thursday 10 November 2011

Four Seasons Hotel
199 George Street
Sydney NSW

FAIRFAX MEDIA LIMITED
ACN 008 663 161

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BOARD OF DIRECTORS

MR ROGER CORBETT, AO

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

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

MR GREGORY HYWOOD

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

APPOINTED AS INTERIM CEO AND MANAGING DIRECTOR
7 DECEMBER 2010

APPOINTED AS CEO AND MANAGING DIRECTOR
7 FEBRUARY 2011

Mr Hywood has enjoyed a long career in the media and government. A Walkley Award winning journalist, he held a number of senior management positions at Fairfax including Publisher and Editor-in-Chief of each of The Australian Financial Review, The Sydney Morning Herald/Sun Herald and The Age. He also held the position of Group Publisher Fairfax magazines. He was Executive Director Policy and Cabinet in the Victorian Premier's Department between 2004 and 2006, and from 2006 to 2010 was Chief Executive of Tourism Victoria. Mr Hywood is a Director of The Victorian Major Events Company.

MR MICHAEL ANDERSON

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

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

MR NICHOLAS J FAIRFAX

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

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

MS SANDRA MCPHEE

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

Ms McPhee is a Director of AGL Energy Limited, Kathmandu Holdings Limited, Westfield Retail Trust and Tourism Australia. Her previous directorships include Australia Post, Coles Group Limited and Perpetual Limited. Prior to becoming a Non-Executive Director, Ms McPhee held senior executive positions in a range of consumer oriented industries including retail, tourism and aviation, most recently with Qantas Airways Limited.

MR SAM MORGAN

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

Mr Morgan is the founder and former CEO of New Zealand's largest online transaction site Trade Me, which was purchased by Fairfax Media in 2006. He is the Chairman of Jasmine Investments, Pacific Fibre and Visfleet and a Director of software companies Xero and Sonar6.

MS LINDA NICHOLLS, AO

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

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

MR ROBERT SAVAGE, AM

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

In addition to his particular expertise in the management of information technology and systems, Mr Savage brings to the Fairfax Media Board his experience as a senior executive in Australia and the Asian region, including experience in people management and organisation effectiveness issues and several years experience as a Non-Executive Director and Chairman across a wide range of Australian companies. Mr Savage was formerly Chairman and Managing Director of IBM Australia and New Zealand. He is Chairman of David Jones Limited. Mr Savage was Chairman of Perpetual Limited until retiring at Perpetual's AGM in 2010. He was Chairman of Mincom Limited until May 2007 and a Director of Smorgon Steel Group Limited until August 2007 when it merged with OneSteel Limited.

MR PETER YOUNG, AM

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

Over the last 30 years, Mr Young has been an investment banking Executive in Australia, New Zealand and the U.S.A. He is a member of the Royal Bank of Scotland's Advisory Council in Australia. He served as Chairman of Investment Banking for ABN AMRO in Australia and New Zealand. From 1998 to 2002, Mr Young was Executive Vice Chairman, ABN AMRO Group (Australia and New Zealand) and Head of Telecommunications, Media & Technology Client Management for Asia Pacific. He is currently the Chairman of Ratch Australia Corporation Ltd, of Queensland Investment Corporation and of NSW Cultural Management Pty Ltd. He is involved in a number of community, environmental and artistic activities.

DIRECTORS' REPORT

The Board of Directors presents its report together with the financial report of Fairfax Media Limited (the Company) and of the consolidated entity, being the Company and its controlled entities for the period ended 26 June 2011 and the auditor's report thereon.

DIRECTORS

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

MR ROGER CORBETT, AO

Non-Executive Chairman

MR GREGORY HYWOOD

Chief Executive Officer and Managing Director

Acting 7 December 2010 – 6 February 2011 and permanently appointed 7 February 2011.

MR NICHOLAS FAIRFAX

Non-Executive Director

MS SANDRA MCPHEE

Non-Executive Director

MR SAM MORGAN

Non-Executive Director

MS LINDA NICHOLLS, AO

Non-Executive Director

MR ROBERT SAVAGE, AM

Non-Executive Director

MR PETER YOUNG, AM

Non-Executive Director

MR MICHAEL ANDERSON

Non-Executive Director

Appointed to the Board on 2 September 2010

A profile of each Director holding office at the date of this report is included on pages 10-11 of this report.

MR BRIAN M^C^CARTHY

Chief Executive Officer and Managing Director
Resigned 6 December 2010

MR JOHN B FAIRFAX, AO

Non-Executive Director

Retired 15 November 2010

ALTERNATE DIRECTOR

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

DIRECTORS' REPORT

COMPANY SECRETARY

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

CORPORATE STRUCTURE

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

PRINCIPAL ACTIVITIES

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

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

CONSOLIDATED RESULT

The loss attributable to the consolidated entity for the financial year was $390,861,000 (2010 Profit: $282,115,000).

DIVIDENDS

An interim fully franked dividend of 1.5 cents per ordinary share and debenture was paid on 21 March 2011 in respect of the year ended 26 June 2011.

Since the end of the financial year, the Board has declared a final fully franked dividend of 1.5 cents per ordinary share and debenture in respect of the year ended 26 June 2011. This dividend is payable on 27 September 2011.

Distributions to holders of Stapled Preference Securities (SPS) were paid as follows: $3.2515 per share paid on 1 November 2010 and $3.2334 per share paid 29 April 2011.

REVIEW OF OPERATIONS

Revenue for the Group was in line with the prior year at $2,477 million (2010: $2,490 million). After significant expenses of $674.7 million the Group generated a net loss after tax of $390.9 million (2010: profit $282.1 million). Earnings per share decreased to a loss of 17.0 cents (2010: profit 11.5 cents).

Further information is provided in the Management Discussion and Analysis Report on pages 35-36.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

On 29 April 2011, all of the Stapled Preference Shares were repurchased in accordance with their terms of issue for a repurchase amount of $300 million.

Subsequent to year end, the Group announced it had commenced preparation for an Initial Public Offering (IPO) of Trade Me Limited (Trade Me), a New Zealand subsidiary. The Group intends to sell between 30% to 35% of Trade Me through the IPO, with Trade Me being listed on the New Zealand Exchange. The timing of the IPO has not been finalised and will depend on appropriate market conditions.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's prospects and strategic direction are discussed in the Chairman's and the Chief Executive Officer's reports on pages 2-5 of this report.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

No material non-compliance with environmental regulation has been identified relating to the 2011 financial year.

The Company reported to the Department of Climate Change on the total carbon emissions of the Group generated in the 2010 financial year under the National Greenhouse and Energy Reporting legislation for the first time in October 2010. The Group's main source of carbon emissions overall was from electricity consumption at its larger sites and total scope 1 and 2 emissions reported was 97,194 tonnes CO2-e. More information about the Group's environmental performance can be found in the Corporate Social Responsibility report.

EVENTS AFTER BALANCE DATE

There have not been any after balance date events.

REMUNERATION REPORT

A remuneration report is set out on pages 17-27 and forms part of this Directors' Report.

DIRECTORS' INTERESTS

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

Ordinary Shares	Opening Balance	Acquisition	Disposals	Closing Balance	Post Year End Acquisitions	Post Year End Disposals	Post Year End Balance
RC Corbett	99,206	–	–	99,206	–	–	99,206
G Hywood	–	–	–	–	118,343	–	118,343
M Anderson	–	–	–	–	–	–	–
JB Fairfax	235,426,781	–	–	235,426,781	–	–	235,426,781
NJ Fairfax	3,892,481	–	–	3,892,481	–	–	3,892,481
BK McCarthy	2,150,861	–	950,399	1,200,462	–	–	1,200,462
S McPhee	–	4,783	–	4,783	7,712	–	12,495
S Morgan	–	181,500	–	181,500	–	–	181,500
L Nicholls	–	5,401	–	5,401	7,261	–	12,662
R Savage	47,899	–	–	47,899	–	–	47,899
P Young	131,117	–	–	131,117	–	–	131,117
TOTAL	241,748,345	191,684	950,399	240,989,630	133,316	–	241,122,946

In the case of retired Directors, the closing balance represents the number of shares at the date the Director retired from the Board.

As at the date of this report no Director holds any SPS.

No Director holds options over shares in the Company.

DIRECTORS' MEETINGS

The following table shows the number of Board and Committee meetings held during the financial year ended 26 June 2011 and the number attended by each Director or Committee member.

	Meetings*									
	Board Meeting		Audit and Risk		Nominations		Personnel Policy and Remuneration		Sustainability and Corporate Responsibility	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
R Corbett***	12	12	6	6	2	2	4	4	1	1
G Hywood**	10	10	4	4	1	1	3	3	1	1
M Anderson	10	10	–	–	–	–	2	2	1	1
JB Fairfax	4	4	3	3	–	–	2	2	–	–
NJ Fairfax	12	12	6	6	2	2	–	–	1	1
S McPhee	12	12	–	–	–	–	2	2	1	1
S Morgan	12	11	–	–	–	–	–	–	–	–
L Nicholls	12	12	6	6	–	–	–	–	–	–
R Savage	12	12	4	2	–	–	2	2	–	–
P Young	12	12	6	6	2	2	4	4	–	–
BK McCarthy	5	5	3	3	–	–	2	2	–	–

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

** Mr Hywood attends the Audit and Risk, Personnel Policy and Remuneration Committee and Sustainability Committee meetings as an invitee of the Committees.

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

DIRECTORS' REPORT

OPTIONS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

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

NO OFFICERS ARE FORMER AUDITORS

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

NON-AUDIT SERVICES

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

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

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

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* is on page 16 of this report.

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

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

- Australia $276,510
- Overseas $170,030.

Other assurance and non-assurance services:

- Australia $111,182.

ROUNDING

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

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

Roger Corbett, AO
Chairman

Greg Hywood
Chief Executive Officer and Managing Director

16 September 2011

AUDITOR'S INDEPENDENCE DECLARATION

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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors Fairfax Media Limited

In relation to our audit of the financial report of Fairfax Media Limited for the financial year ended 26 June 2011 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Christopher George
Partner
16 September 2011

REMUNERATION REPORT

Dear Shareholder,

We are pleased to present the 2011 Fairfax Media Remuneration Report.

This year we have updated the format of the report with the aim of providing you with a clearer understanding of our remuneration structure and outcomes. In addition to the information required under the Corporations Act, the report contains information which we hope improves transparency and readability of the report. This extra information includes tables of remuneration actually paid during the year to individuals. We believe this is more useful data than the statutory information which can be confusing due to the requirement to include amounts accrued in the accounts for possible future year payments which may not ever be realised by our executives.

As you would be aware the media landscape is evolving rapidly, as is our business. With a new CEO and new strategy, the Board Personnel Policy and Remuneration Committee engaged PwC during the year to conduct a review of our executive remuneration arrangements. The aim of the review was to ensure that the executive incentive plans:

- effectively underpin the achievement of the new strategy
- support growth in shareholder value
- comply with legislative changes, and
- effectively motivate the senior executive team.

The report by PwC found that our existing short-term incentive plan (STI) was strongly aligned to financial performance and therefore highly transparent and objective. However the review also found that the plan had the potential to encourage “silo” behaviour due to the high focus on individual business unit financial metrics and offered limited focus on “lead” non-financial/strategic measures which need to be achieved to promote longer term performance.

The review also found that the existing long-term incentive (LTI) plan is well aligned with shareholder interests. However, it provides a low return on investment because the LTI hurdles had not been achieved but the Company still had an expense associated with the grants. Due to the existing strong alignment with shareholders, the Board has decided to retain the same LTI plan for 2012.

Based on the findings of the PwC report, we have made some changes to our STI arrangements for the 2012 financial year, including the requirement for part of the STI to be paid in the form of Fairfax shares which do not vest for a further two years. These changes are outlined in the Remuneration Report. We believe that these new arrangements will better support the execution of the strategy and improve the return to shareholders.

We hope you find the report informative.

We welcome your feedback on this report.

Robert Savage, AM
Chairman, Personnel Policy and Remuneration Committee

REMUNERATION REPORT

1. INTRODUCTION

This report forms part of the Company's 2011 Directors' Report and describes the Fairfax Group's remuneration arrangements for Directors and prescribed senior executives in accordance with the requirements of the *Corporations Act 2001* and Regulations. The report also contains details of the equity interests of Fairfax Directors and prescribed senior executives.

2. PERSONNEL POLICY AND REMUNERATION COMMITTEE

The Board has a formal Charter for the Personnel Policy and Remuneration Committee (PPRC) which prescribes the responsibilities, composition and meeting rules of the Committee. Under the Charter, the Committee must be comprised of a majority of Non-Executive Directors who are independent. The members of the PPRC are:

- Robert Savage (Chairman and member from 2 December, 2010)
- Roger Corbett
- Sandra McPhee (from 2 December, 2010)
- Michael Anderson (from 2 December, 2010)
- Peter Young (Chairman up to 2 December, 2010 and ongoing member)
- John B Fairfax (up to 11 November, 2010).

The PPRC met four times during the year. The Committee's primary responsibilities are to:

(a) review and approve Fairfax employee remuneration strategies and frameworks

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

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

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

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

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

(g) review and approve measurable objectives for achieving gender diversity and assess annually both the objectives and progress in achieving them.

The CEO, Group General Counsel and Company Secretary and General Manager Corporate Human Resources attend PPRC meetings as invitees but not when their own performance or remuneration arrangements are being discussed.

The Committee commissions reports from independent remuneration experts on market relativities and other matters relating to remuneration practices to assist it with setting appropriate remuneration levels and processes. In August 2010, the PPRC received advice from HART Consulting to assist in setting the base pay for the direct reports to the CEO for the 2011 financial year. As outlined above, the PPRC engaged PwC to conduct a review of executive pay and incentive arrangements and subsequently received the relevant advice. In addition, PwC provided advice on remuneration trends and executive pay to assist in setting base pay for the 2012 financial year.

In June 2011 the Committee commissioned advice from Egan Associates in relation to the remuneration of the Chief Executive and Managing Director and the market competitiveness of remuneration for Non-Executive Directors.

3. DIVERSITY

The PPRC has expanded its Charter to include diversity initiatives. During the financial year the Company became a member of the Diversity Council of Australia and developed a new Diversity Policy. There are a number of initiatives underway to support the implementation of the policy.

The Company is compliant with the Equal Opportunity for Women in the Workplace Act 1999. The current workforce gender demographics are:

- Proportion of women on the Board: 22%
- Proportion of women in senior management: 19%
- Proportion of women across the organisation: 52%

4. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the Company's Constitution, the aggregate remuneration of Non-Executive Directors is set by resolution of shareholders. The aggregate was last reviewed by shareholders at the 2010 Annual General Meeting and set at $2,100,000 per annum. Within this limit, the Board annually reviews Directors' remuneration with advice from the PPRC. The Board also considers survey data on Directors' fees paid by comparable companies, and expert advice commissioned from time to time.

Expert advice was received in this regard from Egan Associates in June 2011 however in the present economic climate the Board resolved that there would be no increase in Directors' fees this year nor would the Board seek shareholder approval for an increase in the cap on aggregate Directors' fees this year. This will be reviewed in 2012.

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

	$
Chairman of the Board*	364,000
Other Non-Executive Director	130,000
Chair of Audit and Risk Committee	44,000
Members of Audit and Risk Committee	33,000
Chair of Personnel Policy and Remuneration Committee	33,000
Members of Personnel Policy and Remuneration Committee	22,000
Chair of the Nominations Committee	30,000
Members of Nominations Committee	20,000
Chair of the Sustainability & Corporate Responsibility Committee	33,000
Members of Sustainability & Corporate Responsibility Committee	22,000

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

The fees above do not include statutory superannuation payments.

4.1 Retirement benefits for Non-Executive Directors

The Company makes superannuation contributions on behalf of Non-Executive Directors in accordance with statutory requirements. Other than superannuation, Non-Executive Directors are not entitled to any retirement benefits.

5. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

5.1 Mr Gregory Hywood (CEO and Managing Director from 7 December 2010)

The remuneration details for the CEO are set out in section 6.5 and 6.8 of this report.

2011 PERFORMANCE YEAR

Mr Hywood, who at the time was a Non-Executive Director of Fairfax, was appointed to the role of CEO in an acting capacity on 7 December 2010 to enable the Board to conduct a global search for a new CEO following the resignation of former CEO and Managing Director Mr Brian McCarthy. Prior to this date Mr Hywood was paid in accordance with the remuneration of Non-Executive Directors. From 7 December 2010 until 1 April 2011 Mr Hywood was paid fixed fee remuneration amount of $2.4 million per annum (that is, $775,385 for that period). He was not eligible to receive any performance bonuses or other benefits during this period.

On 7 February 2011 Mr Hywood was appointed to the role of CEO and Managing Director on an ongoing basis. From 1 April he was paid a base salary ("Fixed Remuneration") of $1.6 million per annum. This Fixed Remuneration represents total fixed cost to the Company including superannuation and other benefits except as set out below.

For the period 1 April 2011 to 26 June 2011, Mr Hywood was eligible for a pro-rated performance bonus ("Performance Bonus") of up to 100% of Fixed Remuneration (prorated for the period) depending on achievement of defined performance criteria set by the Chairman and Chairman of the PPRC. The criteria included specific deliverables to be achieved over the three month period to ensure that the new strategy was embedded into the organisation. Twenty percent of the bonus was related to exceeding the 2011 financial year financial outcome committed to the market on 24 February 2011. The remaining eighty percent of the bonus was related to the development and implementation of the new strategy including building the new organisational structure and culture, and establishing the implementation plan and delivering set progress targets under that plan. The Board believed that the focus of the CEO over this three month period should be to drive the implementation of the new strategy, and therefore a higher emphasis was placed on the non-financial strategic targets than will occur for future performance periods.

Following the end of the 2011 financial year, the Board determined that 72.5% of the target Performance Bonus was earned by Mr Hywood representing 62.5% achievement of the financial component and 75% achievement of the strategic component.

Subject to shareholder approval, for the 2011 Performance year, Mr Hywood is entitled to an allocation of shares (purchased on market by the Executive Share Plan Trust) of $800,000 worth of shares which equates to 569,395 shares. The number of shares allocated is based on the market price of Fairfax shares on 7 February 2011 (Mr Hywood's permanent appointment date) which was $1.40 per share.

2012 PERFORMANCE YEAR

The PPRC received advice from PwC making various recommendations following its review of executive remuneration arrangements. The advice included specific advice on market rates for the Chief Executive's remuneration and incentive arrangements. The PPRC also received advice from Egan Associates in relation to the remuneration of the Chief Executive. More details of the review are set out in 6.1. Based on the above advice the PPRC recommended to the board a package of cash remuneration and incentive arrangements for Mr Hywood.

The Board set new remuneration arrangements that will apply to Mr Hywood for the 2012 financial year. Mr Hywood's Fixed Remuneration of $1.6 million per year will remain unchanged. As well as Fixed Remuneration he will be eligible for a performance bonus and participation in the Long-Term Equity-Based Incentive Scheme (LTI).

Mr Hywood is eligible for a performance bonus ("Performance Bonus") of up to 150% of Fixed Remuneration depending on achievement of defined performance criteria set at the beginning of each financial year. The performance targets are recommended by the PPRC and approved by the Board each year. Fifty percent of the Performance Bonus is determined by achievement of financial targets for the Group. The remaining incentive is based on other Key Performance Indicators set by the Board each year depending on the operational and strategic goals of the Group. These KPIs may also include specific financial targets but also include strategic targets. A component of this incentive(subject to shareholder approval) will be deferred in to shares (purchased on market by the Executive Share Plan Trust). Further details of the plan are outlined in section 6.1.

Subject to shareholder approval, under the LTI Mr Hywood is entitled to an allocation of shares (purchased on market by the Executive Share Plan Trust) to the equivalent of fifty percent of his Fixed Remuneration as an allocation of Company shares each year. These shares vest on the terms set out in section 6.2.

5.2 Mr Brian McCarthy (CEO and Managing Director up to 6 December 2010)

The key terms of Mr McCarthy's Executive Services Agreement with the Company included a Fixed Remuneration of $1.6 million per year, a performance bonus and participation in the LTI.

Mr McCarthy was eligible for a performance bonus under the terms of the Company's Key Executive Bonus Scheme ("STI") of up to ninety percent of Fixed Remuneration depending on achievement of defined performance criteria set at the beginning of each financial year ("Performance Bonus"). The performance targets were recommended to the Board by the PPRC and approved by the Board. Eighty percent of the Performance Bonus was determined by achievement of financial targets. The remaining twenty percent was based on other Key Performance Indicators set by the Board depending on the operating and strategic goals of the Group.

In addition under the LTI, Mr McCarthy was entitled to an allocation of shares to the equivalent of 100% of his Fixed Remuneration as an allocation of Company shares each year. The vesting criteria for these shares are set out in section 6.2.

Mr McCarthy ceased to be employed by Fairfax on 6 December 2010. Upon termination, Mr McCarthy received a payment in accordance with his entitlements under his Executive Services Agreement. Mr McCarthy's Executive Service Agreement was in place prior to the changes to the Corporations Act in 2009 and include the equivalent of 12 months Fixed Remuneration ("Termination Payment") and statutory entitlements to annual and long service leave. He was also entitled to a pro-rated performance bonus. All shares Mr McCarthy held under the LTI were forfeited.

Details of Mr McCarthy's termination payments are set out in tables 6.5 and 6.8.

6. REMUNERATION OF OTHER SENIOR EXECUTIVES

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

- fairly remunerate capable and performing executives
- attract, retain and motivate talented, qualified and experienced people in light of competitive employment markets
- align remuneration with achievement of business strategy
- align interests of executives and shareholders
- deliver competitive cost outcomes
- comply with regulatory requirements, and
- be transparent and fair.

The executive remuneration framework comprises a mix of fixed and performance-based components:

- a fixed remuneration package, and
- performance incentives.

The Fixed Remuneration component includes cash, superannuation and any benefits employees choose to salary sacrifice, for example, motor vehicle, parking. It represents the total fixed cost to the Company including fringe benefits tax payable.

Payment of performance-based incentives is determined by the financial performance of the Company, the financial performance of the business unit relevant to the executive and the personal performance of the individual executive against objectives set at the beginning of the year. The CEO conducts performance reviews with his direct reports each year, and presents the outcomes and proposed incentive payments to the PPRC. The PPRC reviews and approves the remuneration packages and bonus payments to the CEO's direct reports. On the recommendations of the CEO, the PPRC also reviews and approves the key performance indicators for the CEO's direct reports for the following year. Performance evaluations in accordance with this framework have taken place for senior executives for the year ended 26 June 2011.

6.1 Performance-Based Short-Term Incentives ("Bonus payments") for Senior Executives

2011 PERFORMANCE YEAR

For the 2011 Performance Year, annual bonus payments for senior executives depended on achievement of annual financial performance criteria for the Group as well as specific strategic and operational criteria. For the CEO, the bonus criteria were set by the Board after considering recommendations from the PPRC. For other key senior executives the bonus criteria were set by the PPRC. The bonus opportunity consisted of three components:

- corporate level – drives corporate financial results (EPS, EBIT) and encourages senior management to work together for the overall benefit of the group
- business unit level – drives business unit financial results and other operational metrics to encourage team behaviour (e.g. EBIT, circulation, readership, market position, revenue)
- personal level – drives team and individual operating results (e.g. safety, cost reduction, business improvement, leadership).

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

- "on-target" performance – where the target bonus will be earned (e.g. for EBIT the "on-target" performance is typically achievement of budget) or
- "maximum" performance – where performance is such that the maximum level of incentive will be earned. This applies for corporate and business unit measures only.

For most senior executives reporting directly to the CEO, the on-target bonus opportunity for 2011 was 25% of the executive's Fixed Remuneration and the maximum bonus opportunity was 47.5% of the Fixed Remuneration. Generally, the bonus opportunity consisted of three components: 20% based on Group EBIT and earnings per share, 70% based on business unit financial performance and 10% based on other key performance indicators (KPIs). For corporate executives whose duties were not confined to one business unit, generally 50% of the bonus opportunity was based on corporate financial performance.

The performance plans for a number of senior executives directly accountable for supporting the new CEO to drive key strategic initiatives were adjusted for the period 1 April to 26 June 2011 by the Board PPRC to ensure alignment with the objectives of the new CEO. These executives retained measures relating to the financial budget set at the start of the year. For the 1 April – 26 June 2011 period greater emphasis was placed on setting up the new organisation structure and the implementation of the strategic plan.

Bonus outcomes for the 2011 performance year for senior executives were generally below "target" levels in line with difficult trading conditions.

2012 PERFORMANCE YEAR

The Board PPRC engaged PwC to conduct a review of executive remuneration arrangements. The purpose of the review was to ensure that remuneration arrangements drive financial results and shareholder returns, and effectively underpin the execution of the new strategy. Following this review, new arrangements apply from 1 July 2011.

Annual bonus payments for senior executives place an emphasis on the achievement of annual financial performance criteria for the Group as well as specific strategic and operational criteria. The bonus criteria for the CEO are approved by the Board after considering recommendations from the Board PPRC. For other key senior executives the bonus criteria were set by the PPRC. The bonus opportunity consists of three components:

- corporate level – drives corporate financial results (EBIT) and encourages senior management to work together for the overall benefit of the group
- business Unit level – drives business unit financial and other operational metrics to encourage team behaviour (e.g. EBIT, circulation, readership, market position, revenue, safety)
- strategic level – drives team and individual operating results (e.g. delivery against strategic milestones, leadership).

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

- "on-target" performance – where the target bonus will be earned (e.g. for EBIT the "on-target" performance is typically achievement of budget) or
- "maximum" performance – where performance is such that the maximum level of incentive will be earned.

The bonus arrangement allows for a cash payment and a component deferred into shares (Deferred Component). Any amounts earned from the Strategic component and 50% of any amounts earned above "on-target" performance for Corporate and Business Unit performance are deferred into shares.

For most executives reporting directly to the CEO, the on-target bonus opportunity is 45% of the executive's fixed remuneration package and the maximum incentive opportunity is 90% of the fixed remuneration package.

For all senior executives reporting directly to the CEO, 50% of the bonus is based on corporate measures, 25% is based on business unit financial performance and 25% is based on other strategic key performance indicators (KPIs).

At the end of the financial year, actual performance is assessed against the agreed measures. The number of shares for the Deferred Component for each senior executive depends on their role and responsibilities, and on actual performance.

Shares purchased for the Deferred Component are valued at face value based on the Volume Weighted Opening Price over the 10 days immediately after the financial year's results are announced to the market in August. Shares are purchased on market by the trustee of the Executive Share Plan and allocated to the senior executive.

The shares for the Deferred Component are required to be held in the Trust for two years and the senior executive receives dividends on the shares during this period.

At the end of the two year period, the ownership of the shares is transferred to the senior executive. If the senior executive resigns or is terminated with cause prior to the end of the two year period, they forfeit the shares.

The balance of the bonus is paid to the senior executive as cash.

6.2 Long Term Equity-Based Incentive Scheme (LTI)

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

The LTI commenced operation for the 2008 financial year. It aims to reward executives for creating growth in shareholder value. Participants in the LTI receive the equivalent of a percentage of their total fixed remuneration as an allocation of Company shares (Allocation). The number of Company shares to which a participant is entitled will depend on the participant's role and responsibilities.

Shares for the Allocations are purchased on market by the trustee of the Executive Share Plan. The shares are allocated to the employee and held by the trustee in trust until the Allocation vests or is forfeited. Executives receive any dividends paid on the shares while they are in the trust.

For an Allocation to vest, there are two performance hurdles, both linked to the Company's return to shareholders. The hurdles are measured at the end of the three year vesting period. In addition, if an Allocation does not vest at the end of the three year period, a re-test of the performance hurdles will occur at the end of the fourth year, and if satisfied, the Allocation will vest. 50% of an Allocation will vest on achievement by the Company of the total shareholder return (TSR) target. TSR will be measured against the S&P/ASX 300 Consumer Discretionary Index and shares will vest as described in the table below:

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

The other 50% of the Allocation will vest on achievement of the earnings per share (EPS) target. EPS will be measured by the compound annual growth rate (CAGR) of the Company's EPS and vesting will be according to the table below:

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

The same LTI plan including the performance hurdles will be used for the next LTI allocation for the 2012 financial year.

OTHER TERMS OF THE LTI

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

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

STATUS AND KEY DATES – UNVESTED LTI SCHEME

Grant Date	Performance testing window	Expiry Date (if hurdle not met)*	Performance Status
18 January 2008	1 July 2007 – 30 June 2010	30 June 2011	Performance hurdles have not yet been exceeded. No shares are expected to vest after the fourth year of retest.
26 August 2008	1 July 2008 – 30 June 2011	30 June 2012	Performance hurdles have not yet been exceeded.
23 June 2010	1 July 2009 – 30 June 2012	30 June 2013	Performance testing window not yet commenced.
17 November 2010	1 July 2010 – 30 June 2013	30 June 2014	Performance testing window not yet commenced.

* Retest of conditions performed in the fourth year, if performance hurdle is not met in the initial performance testing window.

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

		AIFRS 2011	AIFRS 2010	AIFRS 2009	AIFRS 2008	AIFRS 2007
Underlying operating revenue	$m	**2,466**	2,482	2,600	2,909	2,117.6
Net profit before significant items	$m	**285.0**	290.7	241.3	395.9	267.8
Earnings per share before significant items	Cents	**11.6**	11.8	12.4	23.4	23.2
Dividends per share	Cents	**3.0**	2.5	2.0	20.0	20.0
*Total Shareholder Returns (TSR)	%	**(23.9)**	11.3	(52.1)	(34.7)	34.2

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

6.3 Retirement Benefits for Executives

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

6.4 Executive Service Agreements

The terms of employment of the CEO are set out in section 5 and below.

The remuneration and other terms of employment for the highest paid executives and key management personnel are set out in written agreements. These service agreements are unlimited in term but may be terminated by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below. Each agreement sets out the Fixed Remuneration, performance-related cash bonus opportunities, termination rights and obligations and eligibility to participate in the LTI.

Executive salaries are reviewed annually. The executive service agreements do not require the Company to increase Fixed Remuneration, pay incentive bonuses or continue the executive's participation in the LTI. Key non-financial terms in the executive service agreements are set out below. Remuneration details are set out in sections 6.7 and 6.8.

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

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

(a) commits an act of serious misconduct

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

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

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

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

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

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

6.5 Actual Remuneration of Directors

The following table outlines the actual payments made to Directors during the performance year.

		Base Salary, Termination & Other Benefits	Non-executive Directors Fees	Cash Bonus	Superannuation	Total Excluding Shares	Value of Shares Vested	Total Including shares
RC Corbett	**2011**		**378,559**	**–**	**34,070**	**412,629**	**–**	**412,629**
	2010		321,233	–	28,911	350,144	–	350,144
JB Fairfax*	**2011**		**55,681**	**–**	**4,620**	**60,301**	**–**	**60,301**
	2010		140,000	–	12,600	152,600	–	152,600
NJ Fairfax	**2011**		**193,867**	**–**	**17,448**	**211,315**	**–**	**211,315**
	2010		170,000	–	15,300	185,300	–	185,300
G Hywood	**2011**	**1,178,570**	**24,897**	**290,000**	**32,687**	**1,526,154**	**–**	**1,526,154**
B McCarthy**	**2011**	**3,084,323**	**–**	**57,952**	**25,000**	**3,167,275**	**–**	**3,167,275**
	2010	1,405,014	–	1,155,750	42,308	2,603,072	–	2,603,072
S McPhee	**2011**		**153,633**	**–**	**13,827**	**167,460**	**–**	**167,460**
	2010		40,461	–	3,641	44,102	–	44,102
S Morgan	**2011**		**164,513**	**–**	**14,806**	**179,319**	**–**	**179,319**
	2010		40,461	–	3,641	44,102	–	44,102
L Nicholls	**2011**		**165,672**	**–**	**14,910**	**180,582**	**–**	**180,582**
	2010		49,025	–	4,412	53,437	–	53,437
R Savage	**2011**		**155,267**	**–**	**13,974**	**169,241**	**–**	**169,241**
	2010		150,000	–	13,500	163,500	–	163,500
P Young	**2011**		**202,027**	**–**	**18,182**	**220,209**	**–**	**220,209**
	2010		200,000	–	18,000	218,000	–	218,000
M Anderson	**2011**		**120,636**	**–**	**10,857**	**131,493**	**–**	**131,493**
Total remuneration:								
Directors	**2011**	**4,262,893**	**1,614,752**	**347,952**	**200,381**	**6,425,978**	**–**	**6,425,978**
	2010	1,405,014	1,111,180	1,155,750	142,313	3,814,257	–	3,814,257

* JB Fairfax retired on 11 November 2010.

** B McCarthy ceased to be employed by Fairfax on 6 December 2010. A split of salary and termination benefits is set out in 6.7 below.

6.6 Key management personnel

The following are the key management personnel for the financial year in addition to the Non-Executive Directors listed above.

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

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

6.7 Actual Remuneration of the Executives who received the highest remuneration or are Key Management Personnel

The following table outlines the actual payments made to executives during the performance year.

		Base Salary & Other Benefits	Termination	Cash Bonus	Super-annuation	Total Excluding Shares	Value of Shares Vested	Total Including Shares	Performance Related Total
G Hywood – Chief Executive Officer	**2011**	**1,203,467**	**–**	**290,000**	**32,687**	**1,526,154**	**–**	**1,526,154**	**19%**
B McCarthy* – Chief Executive Officer	**2011**	**726,541**	**2,357,781**	**57,952**	**25,000**	**3,167,274**	**–**	**3,167,274**	**2%**
	2010	1,405,014	–	1,155,750	42,308	2,603,073	–	2,603,073	52%
A Browne – CEO & Publisher Australian Regional Publishing	**2011**	**514,762**	**–**	**100,000**	**50,000**	**664,762**	**–**	**664,762**	**15%**
	2010	485,727	–	214,500	50,000	750,227	–	750,227	35%
B Cassell – Chief Financial Officer	**2011**	**717,045**	**–**	**118,919**	**50,000**	**885,964**	**–**	**885,964**	**13%**
	2010	689,325	–	363,340	50,000	1,102,665	–	1,102,665	39%
M Gill** – CEO Financial Review Group	**2011**	**296,773**	**713,831**	**19,387**	**34,615**	**1,064,606**	**–**	**1,064,606**	**2%**
G Hambly – Group General Counsel & Company Secretary	**2011**	**502,872**	**–**	**162,855**	**61,805**	**727,532**	**–**	**727,532**	**22%**
	2010	492,109	–	273,350	59,145	824,604	–	824,604	43%
R Lockley – CEO Print & Logistics	**2011**	**511,247**	**–**	**126,420**	**50,000**	**687,667**	**–**	**687,667**	**18%**
	2010	504,972	–	242,825	51,923	799,720	–	799,720	37%
J Matthews*** – CEO Metro Media	**2011**	**634,374**	**–**	**350,000**	**53,468**	**1,037,842**	**–**	**1,037,842**	**34%**
	2010	576,717	–	250,938	48,297	875,952	–	875,952	40%
TOTAL	**2011**	**5,107,081**	**3,071,612**	**1,225,533**	**357,575**	**9,761,801**	**–**	**9,761,801**	
	2010	4,153,864	–	2,500,703	301,673	6,956,241	–	6,956,241	

All executives are employees of the Company and the Group.

* B McCarthy ceased to be employed by Fairfax on 6 December 2010.

** M Gill ceased to be employed by Fairfax on 20 March 2011.

*** J Matthews was appointed as CEO Metropolitan Media on 24 February 2011 having previously held the role of CEO Fairfax Digital.

6.8 Remuneration of Directors and Key Management Personnel as defined under the *Corporations Act 2001* and Regulations (Accounting Treatment)

DIRECTORS

This table sets out remuneration which includes post employment and share based long-term incentive benefits granted during the financial year.

		Base Salary, Termination & Other Benefits	Cash Bonus	Superannuation	Long Service Leave	Total Excluding Shares	Value of Shares***	Total Including shares
RC Corbett	**2011**	**378,559**	**–**	**34,070**	**–**	**412,629**	**–**	**412,629**
	2010	321,233	–	28,911	–	350,144	–	350,144
JB Fairfax*	**2011**	**55,681**	**–**	**4,620**	**–**	**60,301**	**–**	**60,301**
	2010	140,000	–	12,600	–	152,600	–	152,600
NJ Fairfax	**2011**	**193,867**	**–**	**17,448**	**–**	**211,315**	**–**	**211,315**
	2010	170,000	–	15,300	–	185,300	–	185,300
G Hywood	**2011**	**1,203,467**	**290,000**	**32,687**	**–**	**1,526,154**	**–**	**1,526,154**
B McCarthy**	**2011**	**3,084,323**	**57,952**	**25,000**	**–**	**3,167,275**	**(597,556)**	**2,569,719**
	2010	1,405,014	1,155,750	42,308	57,483	2,660,555	502,909	3,163,464
S McPhee	**2011**	**153,633**	**–**	**13,827**	**–**	**167,460**	**–**	**167,460**
	2010	40,461	–	3,641	–	44,102	–	44,102
S Morgan	**2011**	**164,513**	**–**	**14,806**	**–**	**179,319**	**–**	**179,319**
	2010	40,461	–	3,641	–	44,102	–	44,102
L Nicholls	**2011**	**165,672**	**–**	**14,910**	**–**	**180,582**	**–**	**180,582**
	2010	49,025	–	4,412	–	53,437	–	53,437
R Savage	**2011**	**155,267**	**–**	**13,974**	**–**	**169,240**	**–**	**169,240**
	2010	150,000	–	13,500	–	163,500	–	163,500
P Young	**2011**	**202,027**	**–**	**18,182**	**–**	**220,209**	**–**	**220,209**
	2010	200,000	–	18,000	–	218,000	–	218,000
M Anderson	**2011**	**120,636**	**–**	**10,857**	**–**	**131,493**	**–**	**131,493**
Total remuneration:								
Directors	**2011**	**5,877,645**	**347,952**	**200,381**	**–**	**6,425,978**	**(597,556)**	**5,828,422**
	2010	2,516,194	1,155,750	142,313	57,483	3,871,740	502,909	4,374,649

* JB Fairfax retired on 11 November 2010.

** B McCarthy ceased to be employed by Fairfax on 6 December 2010.

*** Amount includes the amortised cost of the fair value of rights to shares issued but not yet vested. Credits relate to the reversal of the prior years amortised cost following forfeiture due to cessation of employment with Fairfax. Non-Executive Directors are not participants in any performance related share arrangements.

EXECUTIVES

This table sets out remuneration which includes post employment and share based long-term incentive benefits granted during the financial year.

		Base Salary, Termination & Other Benefits	Cash Bonus	Super-annuation	Long Service Leave Expense	Total Excluding Shares	Value of Shares***	Total Including Shares
G Hywood – Chief Executive Officer	**2011**	**1,203,467**	**290,000**	**32,687**	**–**	**1,526,154**	**–**	**1,526,154**
B McCarthy* – Chief Executive Officer	**2011**	**3,084,323**	**57,952**	**25,000**	**–**	**3,167,275**	**(597,556)**	**2,569,719**
	2010	1,405,014	1,155,750	42,308	57,483	2,660,555	502,909	3,163,464
A Browne – CEO & Publisher Australian Regional Publishing	**2011**	**514,762**	**100,000**	**50,000**	**25,850**	**690,612**	**127,130**	**817,742**
	2010	485,727	214,500	50,000	59,519	809,746	103,616	913,362
B Cassell – Chief Financial Officer	**2011**	**717,045**	**118,919**	**50,000**	**26,799**	**912,763**	**176,441**	**1,089,204**
	2010	689,325	363,340	50,000	78,350	1,181,015	150,899	1,331,914
M Gill** – CEO Financial Review Group	**2011**	**1,010,604**	**19,387**	**34,615**	**–**	**1,064,606**	**(136,331)**	**928,275**
G Hambly – Group General Counsel & Company Secretary	**2011**	**502,872**	**162,855**	**61,805**	**13,122**	**740,654**	**141,194**	**881,848**
	2010	492,109	273,350	59,145	10,208	834,812	156,817	991,629
R Lockley – CEO Print & Logistics	**2011**	**511,247**	**126,420**	**50,000**	**71,250**	**758,917**	**116,005**	**874,922**
	2010	504,972	242,825	51,923	52,835	852,555	107,779	960,334
J Matthews – CEO Metro Media	**2011**	**634,374**	**350,000**	**53,468**	**17,435**	**1,055,277**	**160,369**	**1,215,646**
	2010	576,717	250,938	48,297	8,151	884,103	177,032	1,061,135
TOTAL	**2011**	**8,178,694**	**1,225,533**	**357,575**	**154,456**	**9,916,258**	**(12,748)**	**9,903,510**
	2010	4,153,864	2,500,703	301,673	266,546	7,222,786	1,199,052	8,421,838

All executives are employees of the Company and the Group.

* B McCarthy ceased to be employed by Fairfax on 6 December 2010.

** M Gill ceased to be employed by Fairfax on 20 March 2011.

*** Amount includes the amortised cost of the fair value of rights to shares issued but not yet vested. Credits relate to the reversal of the prior years amortised cost following forfeiture due to departure.

PERFORMANCE RIGHTS GRANTED TO EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATION OR ARE KEY MANAGEMENT PERSONNEL DURING THE PERFORMANCE YEAR

	Performance Condition(1)	Number of Shares Granted(2)	Fair Value per Shares(3)	Maximum Value of Grant(4)
G Hywood – Chief Executive Officer	TSR	–	$1.04	–
	EPS	–	$1.40	–
B McCarthy – Chief Executive Officer*	TSR	–	$1.04	–
	EPS	–	$1.40	–
A Browne – CEO & Publisher Australian Regional Publishing	TSR	117,097	$1.04	$121,781
	EPS	117,097	$1.40	$163,936
				$285,717
B Cassell – Chief Financial Officer	TSR	157,549	$1.04	$163,850
	EPS	157,549	$1.40	$220,568
				$384,418
M Gill – CEO Financial Review Group	TSR	100,065	$1.04	–
	EPS	100,065	$1.40	–
G Hambly – Group General Counsel & Company Secretary	TSR	117,097	$1.04	$121,781
	EPS	117,097	$1.40	$163,936
				$285,717
R Lockley – CEO Print & Logistics	TSR	97,581	$1.04	$101,484
	EPS	97,581	$1.40	$136,613
				$238,096
J Matthews – CEO Metro Media	TSR	133,065	$1.04	$138,387
	EPS	133,065	$1.40	$186,290
				$324,677

The maximum value of unvested shares in the LTI plans for FY2008, FY2009, and FY2010 is $3,172,605. The minumum total value of all unvested shares for all plan years is nil.

(1) LTI shares are subject to performance hurdles that are outlined in section 6.2. Rights to LTI shares lapse where the applicable performance conditions are not satisfied on testing. As the LTI share rights only vest on satisfaction of performance conditions which are to be tested in future fiscal periods, fiscal 2011 LTI shares have not yet been forfeited or vested.

(2) The grants made to Executives constituted their full LTI entitlement for fiscal 2011 and were made on 17 November 2010 subject to the terms summarised in section 6.2.

(3) Fair value per LTI share was calculated by independent consultants PriceWaterhouseCoopers as at the grant date of 17 November 2010.

(4) The maximum value of the grant has been estimated based on the fair value per instrument. The minimum total value of the grant is nil (this assumes none of the applicable performance conditions are met). The maximum value has been calculated to be nil for Executives who have departed during the period.

6.9 Options

During the year ended 26 June 2011:

- no options were granted to Directors or key management personnel (2010: nil)
- no options held by Directors or key management personnel vested (2010: nil)
- no options held by Directors or key management personnel lapsed (2010: nil), and
- no options held by Directors or key management personnel were exercised (2010: nil).

6.10 Loans to Directors and key management personnel

During the year ended 26 June 2011, there were no loans to Directors or to key management personnel (2010: nil).

6.11 Hedging Risk on Securities Forming Part of Remuneration

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

CORPORATE GOVERNANCE

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

		Compliance	Pages
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	✓	29
1.2	Disclose the process for evaluating the performance of senior executives	✓	20-22
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	20-22
Principle 2:	**Structure the Board to add value**		
2.1	A majority of the Board should be independent Directors	✓	30
2.2	The chair should be an independent Director	✓	30
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual	✓	30
2.4	The Board should establish a nomination committee	✓	30
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors	✓	30
2.6	Provide the information indicated in Guide to reporting on Principle 2	✓	10–14,30-31
Principle 3:	**Promote ethical and responsible decision making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of shareholders, and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓	31
3.2	Establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy	✓	34
3.3	Provide the information indicated in Guide to reporting on Principle 3	✓	31
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee	✓	32
4.2	Structure the audit committee so that it: • consists of only Non-Executive Directors • consists of a majority of independent Directors • is chaired by an independent chair, who is not chair of the Board, and • has at least three members.	✓	30
4.3	The audit committee should have a formal charter	✓	32
4.4	Provide the information indicated in Guide to reporting on Principle 4	✓	10-14,32
Principle 5:	**Make timely and balanced disclosure**		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	✓	32
5.2	Provide the information indicated in Guide to reporting on Principle 5	✓	32

CORPORATE GOVERNANCE

		Compliance	Pages
Principle 6:	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of the policy	✓	32
6.2	Provide the information indicated in Guide to reporting on Principle 6	✓	32
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	✓	33
7.2	Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks	✓	33
7.3	Board should disclose whether it has received assurance from the Chief Executive (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	✓	33
7.4	Provide the information indicated in Guide to reporting on Principle 7	✓	33
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee	✓	18
8.2	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives	✓	18-22
8.3	Provide the information indicated in Guide to reporting on Principle 8	✓	14,18,27

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

BOARD OF DIRECTORS

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

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

(a) set the strategic direction of the Fairfax Group

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

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

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

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

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

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

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

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

		Committee Membership			
Director	Membership Type	Audit and Risk	Nominations	Personnel Policy and Remuneration	Sustainability and Corporate Responsibility
R Corbett	Independent Chair	Member	Chair	Member	Member
G Hywood**	CEO	–	–	–	–
M Anderson*	Independent	–	–	Member	Member
N Fairfax	Non-Independent	Member	Member	–	Chair
S McPhee	Independent	–	–	Member	Member
S Morgan	Independent	–	–	–	–
L Nicholls	Independent	Chair	–	–	–
R Savage	Independent	–	–	Chair	–
P Young	Independent	Member	Member	Member	–

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

** Mr Hywood's appointment to the Board is effective 4 October 2010. Mr Hywood was appointed as interim CEO on 7 December 2010 and as ongoing CEO on 7 February 2011.

The qualifications and other details of each member of the Board are set out on pages 10-11 of this report.

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

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

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

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

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

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

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

Duties of the Nominations Committee include:

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

The Board conducts a review of its structure, composition and performance annually. The Board may seek external advice to assist in the review process. During this financial year a formal review of Board performance was conducted by the Chairman.

INDEPENDENT DIRECTORS

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

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

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

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

Mr Nicholas Fairfax is associated with Marinya Media, a substantial shareholder. On this basis, the Board has concluded that, given the shareholding criteria in the ASX Recommendations, he is not an independent Director.

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

CODE OF CONDUCT

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

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

The Fairfax Code of Conduct aims to:

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

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

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

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

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

AUDIT AND RISK COMMITTEE

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

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

Under its Charter, all members of the Committee must be Non-Executive Directors. Executives may attend by invitation. The Chair of the Committee is required to be independent and have relevant financial expertise and may not be the Chair of the Board. The members of the Audit and Risk Committee and details of their attendance at Committee meetings are set out on page 14. The Chair of the Committee may, at the Company's expense, obtain external advice, or obtain assistance and information from officers of the Group, or engage other support as reasonably required from time to time.

CHARTER OF AUDIT INDEPENDENCE

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

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

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

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

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

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

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

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING

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

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

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

- risks are assessed at least annually and revised periodically for each division through the business planning, budgeting, forecasting, reporting, internal audit and performance management processes
- the Board, through the Audit and Risk Committee, receives regular reports from management (and independent advisers where appropriate) on key risk areas such as treasury, health safety and environment, regulatory compliance, taxation, finance and internal audit and the effectiveness of the risk management system
- formal risk assessments are required as part of business case approvals for one-off projects or initiatives of a significant nature. Project teams are responsible for managing the risks identified
- under the direction of the Audit and Risk Committee, Internal Audit conducts a program of internal process control reviews over key areas, based on their importance to the Company, and provides assurance over the internal control assessments undertaken by management.

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

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

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

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

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

(b) the financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 26 June, 2011, and performance of the Company and Consolidated Entity for the period then ended as required by the *Corporations Act 2001*

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

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

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

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

(g) subsequent to 26 June 2011, no changes or other matters have arisen that would have a material effect on the operation of the risk management and internal compliance and control systems of the Company and Consolidated Entity.

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

REMUNERATION

Information about the Board's Personnel Policy and Remuneration Committee (PPRC), the PPRC Charter, the Company's remuneration policies for Non-Executive Directors and the remuneration of the CEO and senior executives is set out in the Remuneration Report beginning on page 17.

TRADING IN COMPANY SECURITIES

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

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

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

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

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

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

SUSTAINABILITY AND CORPORATE RESPONSIBILITY COMMITTEE

In 2011, the Board established a Sustainability and Corporate Responsibility Committee and adopted a supporting Charter.

The primary purpose of the Committee is to advise and assist the Board in setting an overall direction for the Company's commitment to building a long term future, which includes operating its business responsibly, ethically and sustainably (including financial, environmental and otherwise). To fulfil this purpose, the Committee's role includes:

1. providing strategic leadership to the Board and management in overseeing the development and implementation of a sustainability and corporate social responsibility (CSR) strategy and related policies
2. fostering a workplace culture which values sustainable and socially responsible business practices
3. identifying and monitoring current and emerging CSR trends, risks and opportunities and ensuring that the Board is kept up to date with market and investor expectations on CSR activities
4. considering and endorsing proposals by management to enhance the Group's CSR profile, reputation and activities
5. ensuring the Board, employees, the investment community and other stakeholders are kept properly informed of the Group's CSR initiatives and performance
6. overseeing the Group's compliance with corporate governance and legal requirements in relation to CSR issues and related reporting
7. ensuring that executives are remunerated having regard to performance metrics that recognise both tangible and intangible value creation
8. dealing with such matters as the Committee deems necessary to carry out the functions set out above including interaction with other Board Committees where appropriate, and
9. reviewing the adequacy of this Charter in light of emerging CSR trends and obligations and making recommendations to the Board for approval.

The Committee's membership and Chair are determined by the Board from time to time and must consist of at least three Directors, not more than one of whom will be an executive Director. Other Directors are entitled to attend the Committee meetings. The members of the Sustainability and Corporate Social Responsibility Committee, and details of their attendance at Committee meetings, are set out on page 14. In order to carry out the Committee's duties, the Chair of the Committee is authorised (at the Company's expense) to engage external advice, obtain assistance and information from officers of the Group and engage such other support as is reasonably required from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRADING OVERVIEW

Trading conditions during the 2012 financial year followed two very distinct patterns. Until November 2010 we saw a reasonably strong economy with advertising revenues growing and in turn, our profitability improving. In early November 2010, the Reserve Bank of Australia increased interest rates for the seventh time in a thirteen month period. This action, combined with the increased margins that lenders were overlaying on the increase, coincided with an almost immediate negative impact on consumer confidence and spending, events that have been widely reported over the past twelve months.

With a stronger economy in the first half, we reported both revenue and earnings before interest and tax up 3% and 8% respectively and a profit after tax and Stapled Preference Share dividend up 15% to $165.4 million. Revenue grew across all our business segments and costs were kept well under control.

As economic conditions in our major Australian markets remained soft in the second half, we experienced continuing weakness in advertising demand and subsequently saw a decrease in revenues during the period. Compared to the corresponding second half last year, our underlying results saw revenue decline 5% and due to the high fixed cost nature of our publishing business, EBIT decline 21%.

Further disrupting trading activity during the second half was the Christchurch earthquake in February 2011. The Christchurch Press is our second largest daily newspaper in New Zealand. Our New Zealand staff has performed magnificently during what has been a very stressful period and even with all the damage to that city and its infrastructure, we did not miss an issue. Obviously the Christchurch economic situation is considerably weakened and this has had a flow through effect into the whole New Zealand economy.

On an underlying trading basis for the year, revenue was in line with last year, EBIT fell 6% and a profit after tax and Stapled Preference Share of $274 million was reported, 1.8% below last year.

Non recurring restructure and redundancy costs were incurred with some benefit realised during the year and the full impact of the savings to be achieved in subsequent years. The downturn in trading also resulted in a non cash write down of the carrying value of the Group's Intangible Assets.

These non recurring costs amounted to an after tax charge of $675 million in the year.

Including these non recurring costs, the net loss attributable to members of the Company was $400.9 million.

FINANCIAL POSITION

A key feature of our business is the strong free cash flow generation. This was again a highlight this year with net cash inflow from trading activities increasing 8% to $624 million. After capital expenditure of $58 million, dividends paid of $87 million and the redemption of the Stapled Preference Shares for $300 million in April 2011, we effectively decreased our net debt by over $247 million during the year.

Net debt for covenant purposes was $1488 million at year end, well within all covenant limits. We have substantial headroom, irrespective of any proceeds from the potential sale of our Radio assets or the possible Initial Public Offering of a portion of the Trade Me digital business announced in August 2011.

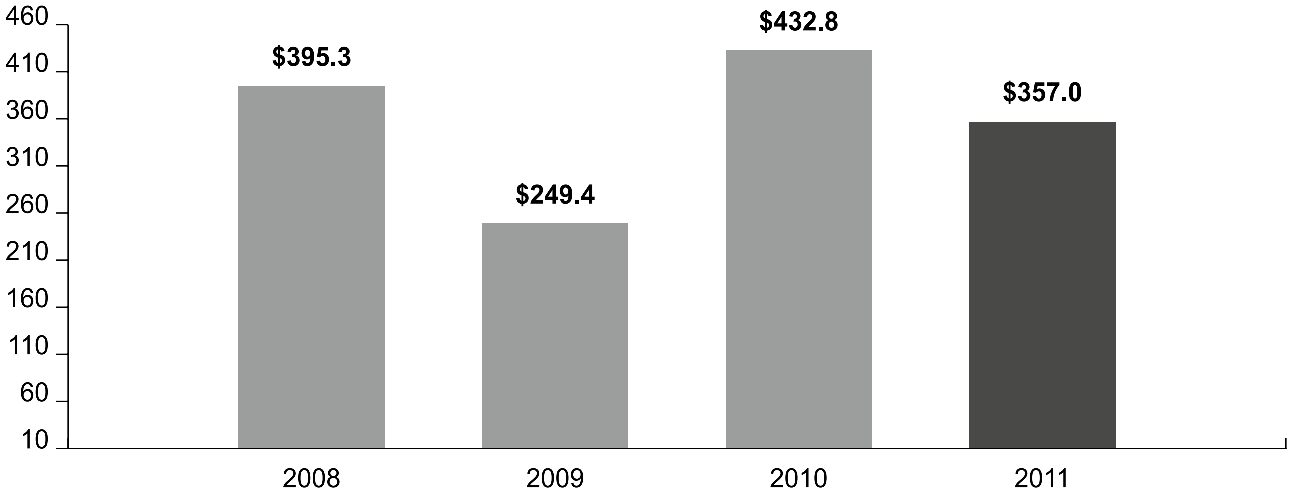
Since 2008 we have successfully reduced the net debt by $1.3 billion. Even taking into consideration the $600 million rights issue in March 2009, our strong free cash flow allowed us to reduced debt by over $700 million in the same period.

Shareholders should also be aware that we do not face any short to medium term refinancing risk. Our scheduled debt repayments in fiscal 2012 are covered by $987 million of cash on deposit and undrawn committed facilities plus free cash flow that will be generated during the year. Indeed, we have already repaid $167 million Medium Term Note facility from existing cash reserves.

The strength of our cash flows and financial position can best be demonstrated by the graphs below.

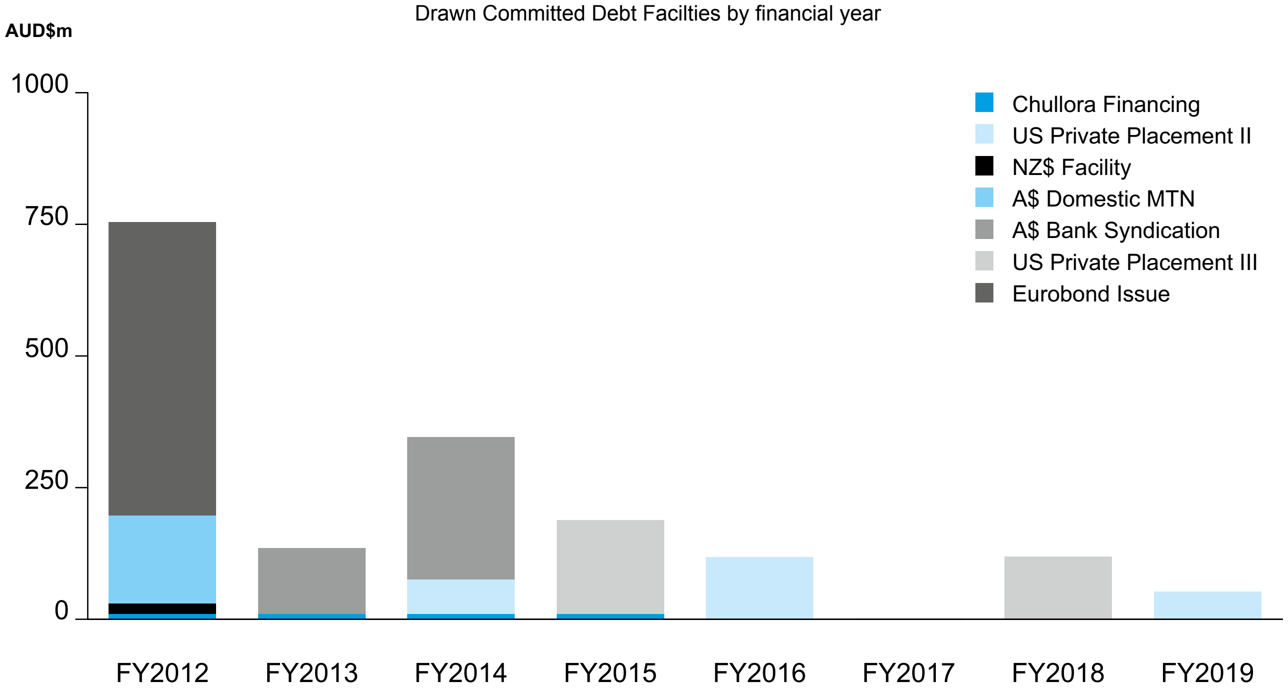
FREE CASH FLOW GENERATED

(EBITDA less cash interest, tax and capital expenditure payments)



MINIMAL REFINANCING RISK

Drawn Committed Debt Facilties by financial year



FY2012 maturities covered by A$987 million of cash on deposit and undrawn committed facilities plus free cash flow generated from business operations (excludes asset sales proceeds).

FINANCIAL POSITION

Following balance date, directors have declared a final dividend of 1.5 cents per ordinary share, fully franked. Combined with the interim dividend of 1.5 cents, this brings the total dividend paid to 3.0 cents for the year. The Dividend Reinvestment Plan was not in operation for the payment of these dividends.

The dividend payments are slightly above the Board Policy announced in December 2008 whereby the dividend payout ratio is approximately 20% until trading performance and credit metrics were improved. The Board continually assesses the level of the dividend payout ratio in light of strengthening financial position, trading conditions and capital requirements.

RECONCILIATION OF STATUTORY TO UNDERLYING PERFORMANCE

	As reported		Significant items		Underlying trading performance	
	26 June 2011 $'000	27 June 2010 $'000	26 June 2011 $'000	27 June 2010 $'000	26 June 2011 $'000	27 June 2010 $'000
Total revenue	**2,465,541**	2,482,373	**–**	–	**2,465,541**	2,482,373
Associate profits	**3,362**	2,226	**–**	–	**3,362**	2,226
Expenses	**2,549,588**	1,845,543	**688,129**	–	**1,861,459**	1,845,543
Operating EBITDA	**(80,685)**	639,056	**(688,129)**	–	**607,444**	639,056
Net (loss)/profit attributable to members of the Company	**(390,861)**	282,115	**(674,674)**	(8,359)	**283,813**	290,474
SPS dividend (net of tax)	**10,034**	11,780	**–**	–	**10,034**	11,780
Net (loss)/profit after tax and SPS dividend	**(400,895)**	270,335	**(674,674)**	(8,359)	**273,779**	278,694
(Loss)/earnings per share	**(17.0)**	11.5			**11.6**	11.8

Refer to Note 4 of the Financial Statements for further breakdown of the significant items reported during the year.

RECONCILIATION OF TRADING TO OPERATING CASH FLOW

	26 June 2011 $'000	27 June 2010 $'000
Cash flow from trading activities	**624,280**	575,485
Interest received	**9,856**	7,968
Finance costs and income tax paid	**(202,711)**	(133,834)
Net cash flow from operating activities	**431,425**	449,619

FAIRFAX MEDIA LIMITED
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ANNUAL FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

	Note	26 June 2011 $'000	27 June 2010 $'000
Revenue from operations	2(A)	**2,463,413**	2,476,775
Other revenue and income	2(B)	**13,095**	13,541
Total revenue and income		**2,476,508**	2,490,316
Share of net profits of associates and joint ventures	11(C)	**3,362**	2,226
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(1,894,537)**	(1,839,107)
Depreciation and amortisation	3(B)	**(114,351)**	(113,623)
Impairment of intangibles, investments and property, plant and equipment		**(655,051)**	(6,436)
Finance costs	3(C)	**(119,009)**	(135,911)
Net (loss)/profit from operations before income tax expense		**(303,078)**	397,465
Income tax expense	5	**(86,589)**	(115,088)
Net (loss)/profit from operations after income tax expense		**(389,667)**	282,377
Net (loss)/profit is attributable to:			
Non-controlling interest	25	**1,194**	262
Owners of the parent		**(390,861)**	282,115
		(389,667)	282,377
Earnings per share (cents per share)			
Basic (loss)/earnings per share (cents per share)	26	**(17.0)**	11.5
Diluted (loss)/earnings per share (cents per share)	26	**(17.0)**	11.0

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

	26 June 2011 $'000	27 June 2010 $'000
Net (loss)/profit from operations after income tax expense	**(389,667)**	282,377
Other comprehensive income		
Changes in fair value of available for sale financial assets	**(1,606)**	2,082
Actuarial gain/(loss) on defined benefit plans	**1,385**	(986)
Changes in fair value of cash flow hedges	**(13,894)**	4,522
Changes in value of net investment hedges	**13,148**	(4,272)
Exchange differences on translation of foreign operations	**(92,043)**	34,356
Income tax on items of other comprehensive income	**(787)**	(1,302)
Other comprehensive income for the period, net of tax	**(93,797)**	34,400
Total comprehensive income for the period	**(483,464)**	316,777
Total comprehensive income is attributable to:		
Non-controlling interest	**1,194**	262
Owners of the parent	**(484,658)**	316,515
	(483,464)	316,777

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

CONSOLIDATED BALANCE SHEET

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES AS AT 26 JUNE, 2011

	Note	26 June 2011 $'000	27 June 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents	36(B)	**207,137**	117,872
Trade and other receivables	7	**371,742**	390,375
Inventories	8	**38,967**	38,043
Assets held for sale	9	**4,975**	5,257
Held to maturity investments	10	**–**	11,591
Other financial assets	21	**3,686**	–
Total current assets		**626,507**	563,138
NON-CURRENT ASSETS			
Receivables	7	**2,268**	3,020
Investments accounted for using the equity method	11	**33,322**	43,585
Available for sale investments	12	**2,633**	4,239
Intangible assets	13	**5,260,108**	5,942,781
Property, plant and equipment	14	**722,346**	778,621
Derivative assets	15	**27,839**	44,352
Deferred tax assets	16(A)	**10,512**	11,774
Pension assets	20(A)	**260**	–
Other financial assets	21	**14,833**	2,575
Total non-current assets		**6,074,121**	6,830,947
Total assets		**6,700,628**	7,394,085
CURRENT LIABILITIES			
Payables	17	**279,669**	276,580
Interest bearing liabilities	18	**666,785**	269,672
Derivative liabilities	15	**80,200**	12,567
Provisions	19	**140,810**	109,948
Current tax liabilities		**46,477**	54,849
Total current liabilities		**1,213,941**	723,616
NON-CURRENT LIABILITIES			
Interest bearing liabilities	18	**865,247**	1,208,789
Derivative liabilities	15	**106,534**	85,093
Deferred tax liabilities	16(A)	**21,815**	16,374
Provisions	19	**50,396**	48,006
Pension liabilities	20(A)	**3,595**	4,800
Other non-current liabilities		**392**	669
Total non-current liabilities		**1,047,979**	1,363,731
Total liabilities		**2,261,920**	2,087,347
NET ASSETS		**4,438,708**	5,306,738
EQUITY			
Contributed equity	22	**4,646,248**	4,942,677
Reserves	23	**(226,294)**	(127,128)
Retained profits	24	**11,764**	481,978
Total parent entity interest		**4,431,718**	5,297,527
Non-controlling interest	25	**6,990**	9,211
TOTAL EQUITY		**4,438,708**	5,306,738

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

CONSOLIDATED CASH FLOW STATEMENT

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

	Note	26 June 2011 $'000	27 June 2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,721,399**	2,661,927
Payments to suppliers and employees (inclusive of GST)		**(2,099,784)**	(2,089,172)
Interest received		**9,856**	7,968
Dividends and distributions received		**2,665**	2,730
Finance costs paid		**(120,761)**	(126,064)
Net income taxes paid		**(81,950)**	(7,770)
Net cash inflow from operating activities	36(A)	**431,425**	449,619
Cash flows from investing activities			
Payment for earn outs and purchase of controlled entities, associates and joint ventures (net of cash acquired)		**(11,998)**	(7,447)
Payment for purchase of businesses, including mastheads		**(15,807)**	(1,574)
Payment for property, plant, equipment and software		**(57,461)**	(80,375)
Proceeds from sale of property, plant and equipment		**3,897**	8,845
Proceeds from sale of investments and other assets		**1,820**	6,554
Loans advanced to other parties		**(20,820)**	–
Loans repaid by other parties		**2,311**	15,308
Payment for convertible notes		**–**	(1,400)
Repayment of convertible notes		**100**	–
Net cash outflow from investing activities		**(97,958)**	(60,089)
Cash flows from financing activities			
Payment for repurchase of Stapled Preference Shares		**(300,000)**	–
Payment for purchase of non-controlling interests in subsidiaries		**(7,865)**	–
Payment for shares acquired by employee share trust		**(4,666)**	–
Share issue costs		**–**	(46)
Proceeds from borrowings and other financial liabilities		**281,591**	1,631
Repayment of borrowings and other financial liabilities		**(120,335)**	(300,076)
Payment of facility fees		**(2,870)**	–
Dividends and distributions paid to shareholders including SPS*		**(85,511)**	(41,770)
Dividends paid to non-controlling interests in subsidiaries		**(1,070)**	(372)
Net cash outflow from financing activities		**(240,726)**	(340,633)
Net increase in cash and cash equivalents held		**92,741**	48,897
Cash and cash equivalents at beginning of the financial year		**117,872**	69,124
Effect of exchange rate changes on cash and cash equivalents		**(3,476)**	(149)
Cash and cash equivalents at end of the financial year	36(B)	**207,137**	117,872

* Total cash dividends for the current year totalled $85.5 million (2010: $41.8 million); this includes $17.3 million (2010: $15.9 million) made to stapled preference shareholders (SPS). Total SPS distributions during the period were $19.8 million, $2.5 million of which has been classified in finance costs paid. This is consistent with the reclassification of the SPS from equity to debt during the period, prior to being repurchased on 29 April 2011.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

		Reserves										
	Contributed equity (Note 22) $'000	Asset revaluation reserve (Note 23) $'000	Acquisition reserve (Note 23) $'000	Foreign currency translation reserve (Note 23) $'000	Cashflow hedge reserve (Note 23) $'000	Net investment hedge reserve (Note 23) $'000	Share-based payment reserve (Note 23) $'000	General reserve (Note 23) $'000	Total reserves $'000	Retained earnings (Note 24) $'000	Non-controlling interest (Note 25) $'000	Total equity $'000
Balance at 28 June 2010	4,942,677	1,833	–	(140,969)	10,946	(4,037)	5,099	–	(127,128)	481,978	9,211	5,306,738
(Loss)/profit for the period	–	–	–	–	–	–	–	–	–	(390,861)	1,194	(389,667)
Other comprehensive income	–	(1,327)	–	(92,915)	(9,726)	9,204	–	–	(94,764)	967	–	(93,797)
Total comprehensive income for the period	–	(1,327)	–	(92,915)	(9,726)	9,204	–	–	(94,764)	(389,894)	1,194	(483,464)
Transactions with owners in their capacity as owners:												
Dividends paid to shareholders	–	–	–	–	–	–	–	–	–	(85,511)	–	(85,511)
Tax effect of SPS dividend	–	–	–	–	–	–	–	–	–	5,191	–	5,191
Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,070)	(1,070)
Acquisition of controlled entities not wholly owned	–	–	–	–	–	–	–	–	–	–	883	883
Acquisition of non-controlling interest	–	–	(4,637)	–	–	–	–	–	(4,637)	–	(3,228)	(7,865)
Recognition of put option on non-controlling interest	–	–	5,200	–	–	–	–	–	5,200	–	–	5,200
Repurchase of SPS	(300,000)	–	–	–	–	–	–	–	–	–	–	(300,000)
SPS issue costs transferred to reserves	6,837	–	–	–	–	–	–	(6,837)	(6,837)	–	–	–
Shares acquired under employee incentive scheme	(4,666)	–	–	–	–	–	–	–	–	–	–	(4,666)
Tax benefit recognised directly in equity	1,400	–	–	–	–	–	–	–	–	–	–	1,400
Share based payments, net of tax	–	–	–	–	–	–	1,872	–	1,872	–	–	1,872
Total transactions with owners	(296,429)	–	563	–	–	–	1,872	(6,837)	(4,402)	(80,320)	(3,415)	(384,566)
Balance at 26 June 2011	4,646,248	506	563	(233,884)	1,220	5,167	6,971	(6,837)	(226,294)	11,764	6,990	4,438,708

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

		Reserves									
	Contributed equity (Note 22) $'000	Asset revaluation reserve (Note 23) $'000	Acquisition reserve (Note 23) $'000	Foreign currency translation reserve (Note 23) $'000	Cashflow hedge reserve (Note 23) $'000	Net investment hedge reserve (Note 23) $'000	Share-based payment reserve (Note 23) $'000	Total reserves $'000	Retained earnings (Note 24) $'000	Non-controlling interest (Note 25) $'000	Total equity $'000
Balance at 29 June 2009	4,928,122	32	–	(173,662)	7,286	(1,024)	3,987	(163,381)	237,604	9,445	5,011,790
Profit for the period	–	–	–	–	–	–	–	–	282,115	262	282,377
Other comprehensive income	–	1,801	–	32,693	3,660	(3,013)	–	35,141	(741)	–	34,400
Total comprehensive income for the period	–	1,801	–	32,693	3,660	(3,013)	–	35,141	281,374	262	316,777
Transactions with owners in their capacity as owners:											
Dividends paid to shareholders	–	–	–	–	–	–	–	–	(41,770)	–	(41,770)
Tax effect of SPS dividend	–	–	–	–	–	–	–	–	4,770	–	4,770
Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	–	–	–	–	–	(496)	(496)
Transaction costs on share issue	(46)	–	–	–	–	–	–	–	–	–	(46)
Tax benefit/(expense) recognised directly in equity	14,601	–	–	–	–	–	(1,196)	(1,196)	–	–	13,405
Share based payments, net of tax	–	–	–	–	–	–	2,308	2,308	–	–	2,308
Total transactions with owners	14,555	–	–	–	–	–	1,112	1,112	(37,000)	(496)	(21,829)
Balance at 27 June 2010	4,942,677	1,833	–	(140,969)	10,946	(4,037)	5,099	(127,128)	481,978	9,211	5,306,738

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

1. Summary of significant accounting policies

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

The financial report is for the period 28 June 2010 to 26 June 2011 (2010: the period 29 June 2009 to 27 June 2010). Reference in this report to 'a year' is to the period ended 26 June 2011 or 27 June 2010 respectively, unless otherwise stated.

(A) BASIS OF PREPARATION

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

The Group has prepared the financial statements in compliance with recent amendments to the Corporations Acts 2001 in June 2010 which remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 39.

As at 26 June 2011, the consolidated entity has net current liabilities of $587 million. Both the Medium Term Notes ($167.7 million) and the Eurobonds ($472.5 million) have been classified as current due to their maturity dates of 27 June 2011 and 15 June 2012 respectively. The consolidated entity has sufficient committed but unused non-current facilities of $760 million at the balance sheet date to finance its liabilities as and when they fall due, including maturing liabilities as disclosed in Note 18. In the opinion of the directors, Fairfax Media Limited will be able to continue to pay its debts as and when they fall due. As a result, the financial report of the Company and its controlled entities has been prepared on a going concern basis.

Historical cost convention

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

(B) PRINCIPLES OF CONSOLIDATION

(i) Controlled entities

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

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

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

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

(ii) Associates and joint ventures

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

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

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

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

(C) ACCOUNTING FOR ACQUISITIONS

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

(D) IMPAIRMENT OF ASSETS

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

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

(E) INTANGIBLES

(i) Goodwill

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

(ii) Other intangible assets

Mastheads and tradenames

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

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

There is a small number of tradenames that have been assessed to have a definite useful life and are amortised using a straight-line method over twenty years.

Radio licences

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

Websites

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

Computer software

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

Other

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

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

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

(F) FOREIGN CURRENCY

(i) Currency of presentation

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

(ii) Transactions and balances

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

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

(iii) Group entities

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

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

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

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

(G) REVENUE RECOGNITION

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

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

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

(H) INCOME TAX AND OTHER TAXES

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

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

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

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

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

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

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

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

Goods and Services Tax (GST)

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

(i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

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

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

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

Tax consolidation – Australia

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

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

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

(I) LEASES

(i) Finance leases

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

(ii) Operating leases

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

(iii) Onerous property costs

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

(J) CASH AND CASH EQUIVALENTS

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

(K) TRADE AND OTHER RECEIVABLES

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

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

(L) INVENTORIES

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

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

(M) AVAILABLE FOR SALE INVESTMENTS

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

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS

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

The consolidated entity classifies and measures its investments as follows:

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

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

(ii) Loans and receivables

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

(iii) Other financial assets

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

(iv) Held to maturity investments

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

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

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

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

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

Hedge accounting

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges: hedges of the fair value of recognised assets or liabilities or a firm commitment
- Cash flow hedges: hedges of highly probable forecast transactions
- Net investment hedges: hedges of the net investment in a foreign operation

Fair value hedge

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

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

Cash flow hedge

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

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

Net investment hedge

Hedges of a net investment in a foreign operation are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of such gains or losses recognised directly in equity is transferred to the income statement based on the amount calculated during the direct method of consolidation.

Derivatives that do not qualify for hedge accounting

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

(O) PROPERTY, PLANT AND EQUIPMENT

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

Recoverable amount

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

Depreciation and amortisation

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

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

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

(P) TRADE AND OTHER PAYABLES

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

(Q) PROVISIONS

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

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

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

(R) INTEREST BEARING LIABILITIES

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

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

Borrowing costs

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

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(S) EMPLOYEE BENEFITS

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

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

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

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

(ii) Share based payment transactions

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

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

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

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

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

(iii) Defined benefit superannuation plans

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

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

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

(iv) Termination benefits

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

(v) Bonus plans

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

(T) CONTRIBUTED EQUITY

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

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

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

Debentures

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

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

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

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

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

(U) EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

(V) SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expense relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the Board of Directors, Chief Executive Officer and Chief Financial Officer.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "Other segments".

(W) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Key assumptions in determining recoverable amount subject to significant accounting judgement include growth rates beyond the budgeted period, discount rates relevant to individual CGU Groups and the growth rates beyond year three cash flows which form the basis of the terminal value. Management have estimated cash flows based on the annual budget for 2012 which has been built up from individual profit centres. Anticipated growth rates applied to year two and three cash flows represent print and online growth projections determined by management from historical long term averages and validated against market consensus on earnings projections to 2013. The terminal growth rate has been determined by taking a mid-point of the RBA inflation target range (2.0% – 3.0%) plus an allowance of 1.0% for real GDP/population growth (0.5% for radio, agriculture and printing).

The weighted average discount rates have been calculated using market observable data from Bloomberg and judgement has been exercised when considering premiums associated with unique CGU Groups. Inputs include a risk free rate of 5.2% and 2 year weekly beta.

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

(ii) Income taxes

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

(iii) Share based payment transactions

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

(iv) Defined benefit plans

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

(X) ROUNDING OF AMOUNTS

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

(Y) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 26 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.	1 January 2011	This is a revision to a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements.	27 June 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	No major impact expected on the Group.	27 June 2011
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 January 2011	No major impact expected on the Group.	27 June 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	No major impact expected on the Group.	27 June 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	No major impact expected on the Group.	27 June 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 January 2011	No major impact expected on the Group.	27 June 2011
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 January 2012	The Group has not yet determined the extent of the impact of the amendments.	25 June 2012
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard shall be applied when AASB 9 is applied.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: – The change attributable to changes in credit risk are presented in other comprehensive income (OCI) – The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013
**	Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
**	Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013
**	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013
**	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013	The Group has not yet determined the extent of the impact of the amendments.	1 July 2013

* Designates the beginning of the applicable annual reporting period unless otherwise stated.
** The AASB has not issued this standard, which was finalised by the IASB in May 2011.

	26 June 2011 $'000	27 June 2010 $'000
2. Revenues		
(A) REVENUE FROM OPERATIONS		
Total revenue from sale of goods	**487,787**	510,304
Total revenue from services	**1,975,626**	1,966,471
Total revenue from operations	**2,463,413**	2,476,775
(B) OTHER REVENUE AND INCOME		
Interest income	**10,967**	7,943
Dividend revenue	**92**	12
Gains on sale of property, plant and equipment	**1,251**	1,217
Other	**785**	4,369
Total other revenue and income	**13,095**	13,541
Total revenue and income	**2,476,508**	2,490,316

3. Expenses

	26 June 2011 $'000	27 June 2010 $'000
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS		
Staff costs excluding staff redundancy costs	**862,561**	842,320
Redundancy and restructuring costs	**36,752**	5,076
Newsprint and paper	**243,942**	249,059
Distribution costs	**137,933**	136,956
Production costs	**188,058**	193,824
Promotion and advertising costs	**119,327**	106,626
Rent and outgoings	**58,255**	57,193
Repairs and maintenance	**29,459**	29,631
Communication costs	**22,167**	23,354
Maintenance and other computer costs	**26,777**	26,054
Fringe benefits tax, travel and entertainment	**25,138**	24,964
Other	**144,168**	144,050
Total expenses before impairment, depreciation, amortisation and finance costs	**1,894,537**	1,839,107
(B) DEPRECIATION AND AMORTISATION		
Depreciation of freehold property	**5,094**	4,990
Depreciation of plant and equipment	**74,828**	76,337
Amortisation of leasehold property/buildings	**3,677**	2,959
Amortisation of tradenames	**13**	–
Amortisation of software	**27,842**	26,077
Amortisation of customer relationships	**2,897**	3,260
Total depreciation and amortisation	**114,351**	113,623
(C) FINANCE COSTS		
External corporations/persons	**121,057**	129,541
Finance lease	**4,647**	4,778
Hedge ineffectiveness	**(6,695)**	1,592
Total finance costs	**119,009**	135,911
(D) DETAILED EXPENSE DISCLOSURES		
Operating lease rental expense	**39,019**	37,579
Defined contribution fund expense	**57,885**	55,598
Share-based payment expense	**2,675**	3,297
Net foreign exchange loss	**631**	1,597

4. Significant items

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

	26 June 2011 $'000	27 June 2010 $'000
Property – Comprising:		
New Zealand income tax expense	**–**	(8,359)
Property loss, net of tax	**–**	(8,359)
Impairment of intangibles and property, plant and equipment – Comprising:		
Impairment of mastheads, goodwill and customer relationships	**(649,869)**	–
Impairment of property, plant and equipment	**(4,038)**	–
Income tax benefit	**3,188**	–
Impairment of intangibles and property, plant and equipment, net of tax	**(650,719)**	–
Restructuring and redundancy – Comprising:		
Restructuring and redundancy charges	**(34,222)**	–
Income tax benefit	**10,267**	–
Restructuring and redundancy, net of tax	**(23,955)**	–
Net significant items after income tax expense	**(674,674)**	(8,359)

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

At balance date it has been determined that there is impairment of intangible assets arising from a subdued economic environment and lower than expected earnings in the current year. Therefore in accordance with AASB 136, management have impaired goodwill, mastheads and customer relationships in certain CGU Groups. Refer to Note 1(W)(i) and Note 13 for the method and assumptions used in estimating recoverable amount.

5. Income tax expense

	26 June 2011 $'000	27 June 2010 $'000
Income tax expense is reconciled to prima facie income tax payable as follows:		
Net (loss)/profit before income tax expense	**(303,078)**	397,465
Prima facie income tax at 30% (2010: 30%)	**(90,923)**	119,240
Tax effect of differences:		
Overseas tax rate and accounting differentials	**(14,502)**	(21,072)
Share of net profits of associates and joint ventures	**(363)**	(668)
Non-assessable dividends	**(11)**	(2)
(Over)/under provision in prior financial years	**(2,708)**	5,931
Temporary differences not recognised on intangible and other asset write-offs	**192,983**	318
Non-deductible items	**2,434**	2,781
Non-deductible depreciation and amortisation	**–**	17
New Zealand legislative changes to tax depreciation on buildings	**–**	8,359
Other	**(321)**	184
Income tax expense	**86,589**	115,088
Current income tax expense	**100,188**	112,759
Deferred income tax benefit	**(10,891)**	(3,602)
(Over)/under provision in prior financial years	**(2,708)**	5,931
Income tax expense in the income statement	**86,589**	115,088

	Consolidated 26 June 2011 $'000	Consolidated 27 June 2010 $'000	Company 26 June 2011 $'000	Company 27 June 2010 $'000
6. Dividends paid and proposed				
(A) ORDINARY SHARES				
Interim 2011 franked dividend: 100% franked 1.5 cents – paid 21 March 2011 (2010: unfranked dividend 1.1 cents – paid 19 March 2010)	**35,279**	25,872	**35,279**	25,872
Final 2010 dividend: 100% franked 1.4 cents – paid 23 September 2010 (2009: nil)	**32,927**	–	**32,927**	–
Total dividends paid – ordinary shares	**68,206**	25,872	**68,206**	25,872
(B) STAPLED PREFERENCE SHARES (SPS)				
SPS dividend:				
2011: $3.2334 per share – paid 29 April 2011*	**7,355**	–	**–**	–
2011: $3.2515 per share – paid 1 November 2010	**9,950**	–	**–**	–
2010: $2.9010 per share – paid 30 April 2010	**–**	8,877	**–**	–
2010: $2.2946 per share – paid 30 October 2009	**–**	7,021	**–**	–
Total dividends paid – SPS	**17,305**	15,898	**–**	–
Total dividends paid	**85,511**	41,770	**68,206**	25,872

* The final SPS distribution totalled $9.9 million, $2.5 million of which has been classified as finance costs. This is consistent with the reclassification of the SPS from equity to debt during the period, prior to being repurchased on 29 April 2011.

(C) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since balance date the directors have declared a final dividend of 1.5 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid on 27 September 2011 out of the retained profits at 26 June 2011, but not recognised as a liability at the end of the year is expected to be $35.3 million.

	Company 2011 $'000	Company 2010 $'000
(D) FRANKED DIVIDENDS		
Franking account balance as at balance date at 30% (2010: 30%)	**30,936**	4,095
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial year	**39,532**	47,277
Total franking credits available for subsequent financial years based on a tax rate of 30%	**70,468**	51,372

On a tax-paid basis, the Company's franking account balance is approximately $30.9 million (2010: $4.1 million). The impact on the franking account of the dividend declared by the directors since balance date will be a reduction in the franking account of approximately $15.1 million.

7. Receivables

	26 June 2011 $'000	27 June 2010 $'000
Current		
Trade debtors*	**351,406**	373,448
Provision for doubtful debts	**(10,061)**	(9,627)
	341,345	363,821
Loans and deposits	**111**	102
Prepayments	**14,742**	11,276
Other	**15,544**	15,176
Total current receivables	**371,742**	390,375
Non-current		
Loans and deposits	**1,876**	1,880
Prepayments	**–**	83
Other	**392**	1,057
Total non-current receivables	**2,268**	3,020

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

IMPAIRED TRADE DEBTORS

As at 26 June 2011, trade debtors of the Group with a nominal value of $10.1 million (2010: $9.6m) were impaired and provided for. No individual amount within the provision for doubtful debts is material. Refer to Note 37(C) for the factors considered in determining whether trade debtors are impaired.

As at 26 June 2011, an analysis of trade debtors that are not considered as impaired is as follows:

	2011 $'000	2010 $'000
Not past due	**243,145**	230,445
Past due 0 – 30 days	**63,865**	97,690
Past due 31 – 60 days	**17,533**	19,689
Past 60 days	**16,802**	15,997
	341,345	363,821

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

Movements in the provision for doubtful debts are as follows:

	2011 $'000	2010 $'000
Balance at the beginning of the financial year	**9,627**	9,839
Additional provisions	**3,318**	9,400
Utilised	**(2,791)**	(9,640)
Exchange differences	**(93)**	28
Balance at the end of the financial year	**10,061**	9,627

8. Inventories

	26 June 2011 $'000	27 June 2010 $'000
Raw materials and stores – at net realisable value	**34,412**	34,391
Finished goods – at cost	**3,844**	3,374
Work in progress – at cost	**711**	278
Total inventories	**38,967**	38,043

9. Assets held for sale

	26 June 2011 $'000	27 June 2010 $'000
Freehold land and buildings	**4,468**	5,257
Plant and equipment	**507**	–
Total assets held for sale	**4,975**	5,257

Assets held for sale comprise properties, plant and equipment in Australia and New Zealand that are being actively marketed and for which the sale is highly probable.

Prior to being transferred to held for sale, the properties, plant and equipment were remeasured at the lower of carrying amount and fair value less costs to sell. As a result, an impairment charge of $1.4 million (2010: $1.4 million) was recognised in the income statement against the assets.

For those properties classified within held for sale, a subsequent impairment charge of $0.1m (2010: nil) was recorded due to reassessment of the property value at the lower of carrying amount and fair value less costs to sell at reporting date.

10. Held to maturity investments

	26 June 2011 $'000	27 June 2010 $'000
Current		
Bonds	**–**	11,591
Total current held to maturity investments	**–**	11,591

The annuity bonds were redeemed on 30 September 2010 for a fair value of $10.6m.

	Note	26 June 2011 $'000	27 June 2010 $'000
11. Investments accounted for using the equity method			
Shares in associates	(A)(i)	**14,449**	14,102
Shares in joint ventures	(B)(i)	**18,873**	29,483
Total investments accounted for using the equity method		**33,322**	43,585

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 26 June 2011	Ownership interest 27 June 2010
Australian Associated Press Pty Ltd	News agency business and information service	Australia	47.0%	47.0%
Autobase Limited	E-commerce: online vehicle dealer automotive website	New Zealand	25.4%	25.4%
Digital Radio Broadcasting Melbourne Pty Ltd	Digital audio broadcasting	Australia	18.0%	18.0%
Digital Radio Broadcasting Perth Pty Ltd	Digital audio broadcasting	Australia	33.4%	33.4%
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25.0%	25.0%
Digital Radio Broadcasting Sydney Pty Ltd	Digital audio broadcasting	Australia	11.3%	11.3%
Earth Hour Limited	Environmental promotion	Australia	33.3%	33.3%
Homebush Transmitters Pty Ltd	Rental of a transmission facility	Australia	50.0%	50.0%
Newspaper House Limited	Property ownership	New Zealand	45.5%	45.5%
New Zealand Press Association Ltd	News agency business and financial information service	New Zealand	49.2%	49.2%
NGA.net Pty Ltd	Provider of e-recruitment software to corporations	Australia	28.0%	28.0%
Perth FM Facilities Pty Ltd	Rental of a transmission facility	Australia	33.3%	33.3%
Times Newspapers Limited	Newspaper publishing	New Zealand	49.9%	49.9%
Xchange IT Newsagents Pty Ltd	Provider of EDI software	Australia	30.0%	–

	26 June 2011 $'000	27 June 2010 $'000
(i) Carrying amount of investment in associates		
Balance at the beginning of the financial year	**14,102**	14,819
Share of associates' net profit after income tax expense	**770**	685
Dividends received/receivable from associates	**(373)**	(350)
Impairment of investment in associate	**–**	(1,060)
Exchange differences	**(50)**	8
Balance at end of the financial year	**14,449**	14,102
(ii) Share of associates' profits		
Revenue	**39,541**	39,528
Profit before income tax expense	**930**	750
Income tax expense	**(160)**	(65)
Net profit after income tax expense	**770**	685
(iii) Share of associates' assets and liabilities		
Current assets	**15,641**	15,357
Non-current assets	**23,464**	22,405
Total assets	**39,105**	37,762
Current liabilities	**10,622**	10,118
Non-current liabilities	**3,216**	3,123
Total liabilities	**13,838**	13,241

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 26 June 2011	Ownership interest 27 June 2010
Fermax Distribution Company Pty Ltd	Letterbox distribution of newspapers	Australia	50.0%	50.0%
Gilgandra Newspapers Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Gippsland Regional Publications Partnership	Newspaper publishing and printing	Australia	50.0%	50.0%
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Online Marketing Group Pty Limited*	E-commerce: Online marketing	Australia	–	48.0%

* Investment in joint venture was increased to a controlling interest of 68.2% on 23 November 2010. As a result, this investment is now part of the consolidated group. Refer to Note 30 for further details.

	26 June 2011 $'000	27 June 2010 $'000
(i) Carrying amount of investment in joint ventures		
Balance at the beginning of the financial year	**29,483**	31,849
Share of joint ventures' net profit after income tax expense	**2,592**	1,541
Interests in joint venture acquired during the year	**–**	421
Dividends received/receivable from joint venture	**(2,200)**	(2,368)
Impairment of investment in joint venture	**–**	(460)
Investment in joint venture transferred to a controlled entity	**(11,002)**	–
Investment in joint venture disposed during the year	**–**	(1,500)
Balance at end of the financial year	**18,873**	29,483
(ii) Share of joint ventures' profits		
Revenues	**12,377**	13,869
Expenses	**(9,600)**	(12,156)
Profit before income tax expense	**2,777**	1,713
Income tax expense	**(185)**	(172)
Net profit after income tax expense	**2,592**	1,541
(iii) Share of joint ventures' assets and liabilities		
Current assets	**4,935**	5,141
Non-current assets	**17,584**	19,804
Total assets	**22,519**	24,945
Current liabilities	**1,553**	2,259
Non-current liabilities	**424**	1,720
Total liabilities	**1,977**	3,979

(C) SHARE OF NET PROFITS OF ASSOCIATES AND JOINT VENTURES

	26 June 2011 $'000	27 June 2010 $'000
Profit before income tax expense	**3,707**	2,463
Income tax expense	**(345)**	(237)
Net profit after income tax expense	**3,362**	2,226

12. Available for sale investments

	26 June 2011 $'000	27 June 2010 $'000
Listed equity securities – at fair value	**2,633**	4,239
Total available for sale investments	**2,633**	4,239

Available for sale investments consist of investments in ordinary shares at fair value and have no fixed maturity date.

13. Intangible assets

	26 June 2011 $'000	27 June 2010 $'000
Mastheads and tradenames	**3,254,396**	3,366,633
Software	**71,024**	85,981
Customer relationships	**3,453**	11,631
Radio licences	**132,217**	132,217
Goodwill	**1,799,018**	2,346,319
Total intangible assets	**5,260,108**	5,942,781

RECONCILIATIONS

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

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
At 28 June 2009							
Cost		156,678	17,103	3,732,273	211,432	2,435,308	6,552,794
Accumulated amortisation and impairment		(24,461)	(4,723)	(378,640)	(149,706)	(106,717)	(664,247)
Net carrying amount		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547
Period ended 27 June 2010							
Balance at beginning of the financial year		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547
Additions		–	–	–	13,720	–	13,720
Capitalisations from works in progress	14	–	–	–	37,924	–	37,924
Disposals		–	–	–	(2,302)	(31)	(2,333)
Acquisition through business combinations		–	–	–	717	4,289	5,006
Amortisation charge	3(B)	–	(3,260)	–	(26,077)	–	(29,337)
Impairment		–	–	(89)	–	–	(89)
Transfer to other asset category		–	2,492	(3,400)	–	908	–
Exchange differences		–	19	16,489	273	12,562	29,343
At 27 June 2010, net of accumulated amortisation and impairment		132,217	11,631	3,366,633	85,981	2,346,319	5,942,781

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
At 27 June 2010							
Cost		156,678	19,614	3,745,362	242,066	2,453,036	6,616,756
Accumulated amortisation and impairment		(24,461)	(7,983)	(378,729)	(156,085)	(106,717)	(673,975)
Net carrying amount		132,217	11,631	3,366,633	85,981	2,346,319	5,942,781
Period ended 26 June 2011							
Balance at beginning of the financial year		132,217	11,631	3,366,633	85,981	2,346,319	5,942,781
Additions		–	–	13	1,732	–	1,745
Capitalisations from works in progress	14	–	–	–	11,275	–	11,275
Disposals		–	–	–	(179)	(2,128)	(2,307)
Acquisition through business combinations		–	1,353	20,846	1,381	48,387	71,967
Amortisation charge	3(B)	–	(2,897)	(13)	(27,842)	–	(30,752)
Impairment		–	(6,588)	(80,915)	–	(562,366)	(649,869)
Exchange differences		–	(46)	(52,168)	(1,324)	(31,194)	(84,732)
At 26 June 2011, net of accumulated amortisation and impairment		132,217	3,453	3,254,396	71,024	1,799,018	5,260,108
At 26 June 2011							
Cost		156,678	8,008	3,714,053	253,229	2,468,101	6,600,069
Accumulated amortisation and impairment		(24,461)	(4,555)	(459,657)	(182,205)	(669,083)	(1,339,961)
Net carrying amount		132,217	3,453	3,254,396	71,024	1,799,018	5,260,108

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

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

The recoverable amount of each CGU is determined based on value-in-use calculations using a three year cash flow projection and a terminal value. These calculations use cash flow projections based on the risk adjusted financial budgets approved by the Directors for the 2012 financial year, after an adjustment for central overheads. Cash flows beyond the 2012 period are extrapolated using the estimated growth rates stated at (iv) below.

(iii) Allocation of goodwill, licences, mastheads and tradenames to CGUs

For the financial year ended 26 June 2011, goodwill, licences, mastheads and tradenames were allocated to the following CGU Groups:

	26 June 2011 $'000	27 June 2010 $'000
Allocation of goodwill to CGU Groups		
New South Wales Metropolitan and Community Media*	**–**	76,333
Victorian Metropolitan and Community Media*	**–**	118,946
Australian Regional Media	**404,420**	434,924
Business Media**	**8,321**	16,594
Agricultural Media**	**19,658**	21,354
Australian Online	**233,590**	185,808
New Zealand Online	**559,306**	590,174
Printing Operations	**351,713**	351,613
Broadcasting	**108,185**	173,185
New Zealand Media	**5,932**	9,932
Other	**–**	5,739
Total goodwill by CGU Groups	**1,691,125**	1,984,602
Metropolitan Media*	**–**	253,823
Specialist Media**	**107,893**	107,894
Total goodwill by reportable segment	**107,893**	361,717
Total goodwill	**1,799,018**	2,346,319
Allocation of licences, masthead and tradenames to CGU Groups		
New South Wales Metropolitan and Community Media	**431,936**	434,082
Victorian Metropolitan and Community Media	**441,565**	443,711
Australian Regional Media	**1,090,221**	1,082,339
Business Media	**162,523**	162,523
Agricultural Media	**345,744**	356,735
Australian Online	**23,525**	8,450
New Zealand Online	**25,340**	26,739
Broadcasting	**132,217**	132,217
New Zealand Media	**733,542**	852,054
Total licences, mastheads and tradenames	**3,386,613**	3,498,850
Total goodwill, licences, mastheads and tradenames	**5,185,631**	5,845,169

* The Metropolitan Media reportable segment is comprised of New South Wales Metropolitan and Community Media and Victorian Metropolitan and Community Media CGU Groups.

** The Specialist Media reportable segment is comprised of Business Media and Agricultural Media CGU Groups.

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

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

- growth rates of 12% to 20% for Online (2010: 12% to 15%), between 5% to 10% for Media (2010: 7.5% to 15%), 5% for Printing (2010: 5%) and 3% for Broadcasting (2010: 7% to 7.5%) for years 1 to 3.
- the weighted average growth rates used were derived from internal forecasts.
- an exchange rate of 1.29 (2010: 1.22) was applied to New Zealand mastheads.
- the post-tax discount rates applied to the CGU Groups' cash flow projections was in the range 9.4% to 14.9% producing a mid point of 10.1% for both Australian and New Zealand Media (2010: Aust: 10.3%; NZ: 10.9%), 12.3% for Australian Online (2010: 12.5%) and 12.8% for New Zealand Online (2010: 13.1%).
- terminal value growth rate of 3.5% (2010: 3.5%) was used for cash flows from year 4 onwards for all CGUs with the exception of Agricultural Media, Printing Operations, Broadcasting and a small number of Australian Regional Media and New Zealand Media CGUs which were calculated at 3.0% (2010: 3.0%).

As a result of revisions in certain key assumptions to reflect current trading conditions, the carrying value of goodwill, mastheads and customer relationships allocated to certain CGU Groups displayed in (iii) above have been reduced to their recoverable amount through the recognition of a $649.9 million impairment loss. This impairment is as a result of a number of factors, including the slower than expected recovery of the advertising market in the second half of fiscal 2011 and the ongoing impact of soft economic conditions. Restructuring programs anticipated but not approved yet by the Board have not been included in the value in use calculations.

The Directors note that the extent and duration of the current weakness is difficult to predict and have carefully considered the economic outlook and the market in which each media asset operates.

Directors consider that, despite the impairment provision recognised, the fair value of the Group's intangible assets in aggregate is in excess of carrying value.

(v) Impact of possible change in key assumptions

Holding all assumptions constant, if year 1 cash flow forecasts declined by 5%, an aggregated impairment of $145.8 million would result in all CGUs with the exception of Online and Printing Operations.

Holding all assumptions constant, if the discount rate applied to the media cash flow projections was increased by 0.25%, an aggregated impairment of $91.1 million would result in all CGUs with the exception of Online and Printing Operations. If the rate was further increased by 0.5%, an aggregated impairment of $182.1 million would result across all CGUS with the exception of Online and Printing Operations.

If terminal value growth rates of 2.75% was consistently applied across all CGUs an impairment of $196.4 million would result in all CGUs with the exception of Online and Printing Operations. Management does not consider that there are any other reasonably possible changes in any of the key assumptions which would cause the carrying amount of any of the CGU Groups to exceed its recoverable amount.

14. Property, plant and equipment

	26 June 2011 $'000	27 June 2010 $'000
Freehold land and buildings		
At cost	**267,103**	271,799
Provision for depreciation	**(34,530)**	(31,442)
Total freehold land and buildings	**232,573**	240,357
Leasehold buildings		
At cost	**100,101**	100,306
Provision for depreciation	**(25,285)**	(22,205)
Total leasehold buildings	**74,816**	78,101
Plant and equipment		
At cost	**1,112,149**	1,115,740
Provision for depreciation	**(713,739)**	(664,580)
Total plant and equipment	**398,410**	451,160
Capital works in progress – at cost	**16,547**	9,003
Total property, plant and equipment	**722,346**	778,621

RECONCILIATIONS

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

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

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
At 27 June 2010						
Cost		9,003	271,799	100,306	1,115,740	1,496,848
Accumulated depreciation and impairment		–	(31,442)	(22,205)	(664,580)	(718,227)
Net carrying amount		9,003	240,357	78,101	451,160	778,621
Period ended 26 June 2011						
Balance at beginning of financial year		9,003	240,357	78,101	451,160	778,621
Additions/capitalisations		20,746	493	781	34,901	56,921
Capitalisation to software	13	(11,275)	–	–	–	(11,275)
Disposals		(13)	(38)	(325)	(6,598)	(6,974)
Acquisition through business combinations		–	398	–	662	1,060
Depreciation charge	3(B)	–	(5,094)	(3,677)	(74,828)	(83,599)
Assets classified as held for sale	9	(507)	(1,005)	–	150	(1,362)
Impairment		(1,252)	–	–	(3,808)	(5,060)
Exchange differences		(155)	(2,538)	(64)	(3,229)	(5,986)
At 26 June 2011, net of accumulated depreciation and impairment		16,547	232,573	74,816	398,410	722,346
At 26 June 2011						
Cost		16,547	267,103	100,101	1,112,149	1,495,900
Accumulated depreciation and impairment		–	(34,530)	(25,285)	(713,739)	(773,554)
Net carrying amount		16,547	232,573	74,816	398,410	722,346

During the current year, an impairment charge of $1.4 million was recorded on property, plant and equipment prior to transferring these assets to held for sale. The assets were remeasured at the lower of carrying amount and fair value less costs to sell (refer to Note 9). In addition, an impairment charge of $3.7 million was recorded on printing press equipment in New Zealand following a review of recoverable amount.

15. Derivative financial instruments

	26 June 2011 $'000	27 June 2010 $'000
Non-current assets		
Cross currency swap – cash flow hedge	**–**	101
Cross currency swap – fair value hedge	**–**	29,909
Cross currency swap – net investment hedge	**27,339**	14,342
Call option derivative	**500**	–
Total non-current derivative assets	**27,839**	44,352
Current liabilities		
Interest rate swap – cash flow hedge	**6,540**	–
Cross currency swap – cash flow hedge	**72,800**	55
Cross currency swap – fair value hedge	**860**	12,512
Total current derivative liabilities	**80,200**	12,567
Non-current liabilities		
Interest rate swap – cash flow hedge	**13,453**	23,612
Cross currency swap – fair value hedge	**74,379**	24,453
Cross currency swap – cash flow hedge	**7,481**	37,028
Obligation under put option*	**11,221**	–
Total non-current derivative liabilities	**106,534**	85,093

* Present value of exercise price of the put option over subsidiary shares. The put and the call option are 50% exercisable in the period July – October 2012 and the remaining interest is exercisable in the period July 2013 – September 2013.

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

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

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

(A) HEDGING ACTIVITIES

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

At 26 June 2011, the Group held interest rate swaps and cross currency swaps designated as hedges of future contracted interest payments on the EUR denominated Eurobonds. The combined swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 26 June 2011, the notional principal amounts and period of expiry of the swaps are as follows:

		Interest rate	
	Maturity date	2011	2010
Pay fixed, receive floating – AUD$550m	15 June 2012	7.60%	7.60%

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

At 26 June 2011, the Group held cross currency swaps designated as hedges of future contracted interest payments on the USD denominated senior notes issued in July 2007. The cross currency swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 26 June 2011, the notional principal amounts and period of expiry of the swaps for each counterparty are as follows:

		Interest rate	
	Maturity date	2011	2010
Pay fixed, receive floating – AUD$59.5m	10 July 2017	7.52%	7.52%
Pay fixed, receive floating – AUD$59.5m	10 July 2017	7.46%	7.46%

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

At 26 June 2011, the Group held an interest rate swap designated as hedging the future contracted interest payments on AUD denominated bank borrowings. The interest rate swap is being used to hedge future movements in interest rates.

At 26 June 2011, the notional principal amount and period of expiry of the swap are as follows:

		Interest rate	
	Maturity date	2011	2010
Pay fixed, receive floating – AUD$125m	12 October 2015	6.52%	6.52%

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

At 26 June 2011, the above hedges were assessed to be highly effective with a combined unrealised loss in fair value of $9.7 million (2010: $4.0 million gain) recognised in equity for the period. During the period an unrealised loss of $0.1 million (2010: $3.3 million unrealised loss) was recognised in the income statement attributable to the ineffective portion of the cash flow hedges.

During the year there was no material gain or loss transferred from equity to the income statement (2010: $1.8 million unrealised loss).

(ii) Cash flow hedges – foreign exchange contracts

During the year, forward exchange contracts were used by the Group to hedge future foreign capital purchase commitments across the Australian and New Zealand business. The contracts are timed to mature as payments are scheduled to be made to suppliers. At 26 June 2011, the Group did not hold any forward exchange contracts (2010: nil).

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

During the current and prior financial period there was no material ineffectiveness recognised in the income statement attributable to cash flow hedges of foreign exchange contracts.

(iii) Fair value hedges

At 26 June 2011, the Group held cross currency swap agreements designated to changes in the underlying value of USD denominated senior notes (refer to Note 18). The terms of certain cross currency swap agreements exchange USD obligations into AUD obligations and other agreements exchange USD obligations into NZD obligations. The latter are also designated to hedge value changes in the Group's New Zealand controlled entities (excluding Trade Me Limited), as discussed in Note (iv) below.

At 26 June 2011, the Group also held cross currency swap agreements partly designated to changes in the underlying value of the EUR denominated Eurobond (refer to Note 18). The terms of the cross currency swap exchange EUR obligations into AUD obligations. This swap has been 99% designated to a cash flow hedge, as discussed in (i) above.

At 26 June 2011, the cross currency swap agreements had a combined value of $75.2 million (2010: $7.1 million).

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

The terms of these cross currency swaps are as follows:

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

For the Group, the remeasurement of the hedged items resulted in a gain before tax of $79.3 million (2010: $32.3 million gain) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $73.8 million (2010: $33.4 million loss) resulting in a net gain before tax of $5.5 million (2010: $1.1 million loss) recorded in finance costs.

(iv) Net investment hedges

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

At 26 June 2011, the hedges were assessed to be highly effective with an unrealised gain of $9.2 million (2010: $3.0 million loss) recognised in equity. During the current financial period there was an unrealised loss of $0.1 million (2010: $0.1 million loss) recognised in the income statement attributable to the ineffective portion of the net investment hedges.

16. Deferred tax assets and liabilities

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	26 June 2011 $'000	27 June 2010 $'000	26 June 2011 $'000	27 June 2010 $'000	26 June 2011 $'000	27 June 2010 $'000
Property, plant and equipment	**4,268**	4,551	**36,893**	27,374	**(32,625)**	(22,823)
Inventories	**–**	–	**3,155**	3,020	**(3,155)**	(3,020)
Investments	**–**	–	**10,915**	10,347	**(10,915)**	(10,347)
Intangible assets	**6,306**	6,567	**38,656**	41,935	**(32,350)**	(35,368)
Other assets	**16,039**	25,216	**17,728**	22,258	**(1,689)**	2,958
Provisions	**50,001**	48,993	**–**	–	**50,001**	48,993
Payables	**12,152**	9,504	**–**	–	**12,152**	9,504
Other liabilities	**4,771**	2,676	**241**	229	**4,530**	2,447
Other	**2,913**	4,147	**165**	1,091	**2,748**	3,056
Gross deferred tax assets/liabilities	**96,450**	101,654	**107,753**	106,254	**(11,303)**	(4,600)
Set-off of deferred tax assets/liabilities	**(85,938)**	(89,880)	**(85,938)**	(89,880)	**–**	–
Net deferred tax assets/liabilities	**10,512**	11,774	**21,815**	16,374	**(11,303)**	(4,600)

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

	Balance 27 June 2010	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 26 June 2011
Property, plant and equipment	(22,823)	–	(9,802)	–	–	**(32,625)**
Inventories	(3,020)	–	(135)	–	–	**(3,155)**
Investments	(10,347)	–	(847)	279	–	**(10,915)**
Intangible assets	(35,369)	(576)	3,595	–	–	**(32,350)**
Other assets	2,958	–	(8,906)	4,259	–	**(1,689)**
Provisions	48,993	47	961	–	–	**50,001**
Payables	9,504	–	2,648	–	–	**12,152**
Other liabilities	2,448	–	2,082	–	–	**4,530**
Other	3,056	–	(487)	179	–	**2,748**
	(4,600)	(529)	(10,891)	4,717	–	**(11,303)**

	Balance 28 June 2009	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 27 June 2010
Property, plant and equipment	(13,791)	–	(9,032)	–	–	(22,823)
Inventories	(2,788)	–	(232)	–	–	(3,020)
Investments	(10,498)	–	432	(281)	–	(10,347)
Intangible assets	(37,616)	–	2,247	–	–	(35,369)
Other assets	(356)	–	2,588	726	–	2,958
Provisions	52,826	–	(3,833)	–	–	48,993
Payables	10,288	–	(784)	–	–	9,504
Other liabilities	3,202	–	(754)	–	–	2,448
Tax losses	1,510	–	(1,510)	–	–	–
Other	(4,465)	–	7,276	245	–	3,056
	(1,688)	–	(3,602)	690	–	(4,600)

(C) TAX LOSSES AND FUTURE DEDUCTIBLE TEMPORARY DIFFERENCES

The Group has realised Australian capital losses for which no deferred tax asset is recognised on the balance sheet of $213,358,421 (2010: $208,979,744) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests.

The Group has deductible temporary differences for which no deferred tax asset is recognised on the balance sheet of $299,425,782 (2010: $298,194,934).

(D) UNRECOGNISED TEMPORARY DIFFERENCES

At 26 June 2011, there are no material unrecognised temporary differences associated with the Group's investments in associates or joint ventures, as the Group has no material liability for additional taxation should unremitted earnings be remitted (2010: Nil).

17. Payables

	26 June 2011 $'000	27 June 2010 $'000
Trade and other payables*	**184,229**	188,489
Interest payable	**22,192**	18,944
Income in advance	**73,248**	69,147
Total current payables	**279,669**	276,580

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

18. Interest bearing liabilities

	Note	26 June 2011 $'000	27 June 2010 $'000
Current interest bearing liabilities – unsecured			
Bank borrowings	(B)	**19,378**	–
Other loans			
Senior notes	(C)	**–**	58,531
Medium term notes	(E)	**167,700**	167,587
Eurobonds	(F)	**472,543**	–
Other	(D)	**3,322**	39,975
Finance lease liability	(D)	**3,842**	3,579
Total current interest bearing liabilities		**666,785**	269,672
Non-current interest bearing liabilities – unsecured			
Bank borrowings	(B)	**392,060**	145,231
Other loans			
Senior notes	(C)	**450,293**	539,431
Eurobonds	(F)	**–**	494,068
Other	(D)	**8,311**	11,634
Finance lease liability	(D)	**14,583**	18,425
Total non-current interest bearing liabilities		**865,247**	1,208,789

Net debt for financial covenant purposes

	26 June 2011 $'000	27 June 2010 $'000
Cash and cash equivalents	**(207,137)**	(117,872)
Current interest bearing liabilities	**666,785**	269,672
Non-current interest bearing liabilities	**865,247**	1,208,789
Derivative financial instruments liabilities*	**162,706**	74,413
Net debt for financial covenant purposes	**1,487,601**	1,435,002

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

(A) FINANCING ARRANGEMENTS

The Group net debt for financial covenant purposes, taking into account all debt related derivative financial instruments, was $1,488 million as at 26 June 2011 (2010: $1,435 million).

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

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

(B) BANK BORROWINGS

Current

A NZ$50 million revolving committed cash advance facility is available to the Group until December 2011. At 26 June 2011, NZ$25 million was drawn down (2010: NZ$25 million).

A $1,155.6 million syndicated bank facility is available to the Group until periods ranging from April 2013 to April 2015. At 26 June 2011, $395 million was drawn (2010: $125 million). The interest rate for the drawings under this facility is the applicable bank bill rate plus a credit margin.

(C) SENIOR NOTES

The Group issued Senior Notes in the US private placement market with a principal value of US$230 million (A$289.8 million) in January 2004 with a fixed coupon of between 4.74% p.a. and 5.85% p.a. payable semi-annually in arrears. The interest and principal on the Senior Notes are payable in US dollars and were swapped into floating rate New Zealand dollars and floating rate Australian dollars via cross-currency swaps. This issue of Senior Notes comprises maturities ranging from January 2014 to January 2019. In January 2011 Senior Notes of US$50 million were repaid. The weighted average maturity of the issue is approximately 4.7 years. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

The Group issued further Senior Notes in the US private placement market with a principal value of US$250 million (A$308.2 million) in July 2007 comprising maturities ranging from July 2014 to July 2017. The weighted average maturity of this issue is approximately 4.2 years. The issued notes include fixed rate coupon notes, paying a weighted average coupon of 6.4% p.a. semi annually in arrears, and floating rate coupon notes. The interest and principal on the Senior Notes are payable in US dollars and were swapped into fixed and floating rate Australian dollars via cross-currency swaps. An additional 1.00% p.a. step up margin is payable on the coupons, effective from 10 July 2009.

(D) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a maturity date of September 2015. There is a finance lease of $18.4 million (2010: $22.0 million), which was entered into in February 1996. There is also principal and interest outstanding of $11.6 million (2010: $15.1 million) in the form of a fixed rate loan with an established repayment schedule.

The CPI indexed annuity loan of $36.6 million outstanding at June 2010 was repaid in full on 30 September 2010 in accordance with the early redemptive provisions. The finance lease facility and fixed rate loan will continue to maturity in September 2015.

(E) MEDIUM TERM NOTES (MTNs)

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

After the Group's accounting year end on 26 June 2011, the remaining $167.7 million of MTNs were repaid on 27 June 2011.

(F) EUROBONDS

On 15 June 2007 the Group issued €350 million guaranteed notes with a maturity date of 15 June 2012. The notes pay a fixed coupon of 6.25% p.a. payable annually in arrears (2010: 6.25%). The interest and principal on the notes are payable in Euro and were swapped into fixed rate Australian dollars via cross-currency swaps.

19. Provisions

	26 June 2011 $'000	27 June 2010 $'000
Current		
Employee benefits	**103,232**	101,558
Defamation	**6,283**	3,341
Property	**346**	599
Redundancy	**30,703**	4,183
Other	**246**	267
Total current provisions	**140,810**	109,948
Non-current		
Employee benefits	**13,527**	12,812
Property	**36,821**	34,936
Other	**48**	258
Total non-current provisions	**50,396**	48,006

RECONCILIATION

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

	Defamation $'000	Property $'000	Redundancy $'000	Other $'000
At 27 June 2010				
Current	3,341	599	4,183	267
Non-current	–	34,936	–	258
Total provisions, excluding employee benefits	3,341	35,535	4,183	525
Period ended 26 June 2011				
Balance at beginning of the financial year	3,341	35,535	4,183	525
Additional provision	3,824	3,149	33,608	545
Acquisition of controlled entities	–	23	–	–
Utilised	(873)	(1,531)	(7,126)	(776)
Exchange differences	(9)	(9)	38	–
Balance at end of the financial year	6,283	37,167	30,703	294
At 26 June 2011				
Current	6,283	346	30,703	246
Non-current	–	36,821	–	48
Total provisions, excluding employee benefits	6,283	37,167	30,703	294

NATURE AND TIMING OF PROVISIONS

(i) Employee benefits

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

(ii) Defamation

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

(iii) Property

The provision for property costs is in respect of make good provisions, deferred lease incentives and onerous lease provisions.

The make good provisions and deferred lease incentives are amortised over the shorter of the term of the lease or the useful life of the assets, being up to 20 years.

(iv) Redundancy

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

(v) Other

Other provisions includes various other costs relating to the business.

20. Pension assets and liabilities

SUPERANNUATION PLAN

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

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

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

The following sets out details in respect of the defined benefit plans only and in the case of the Fairfax NZ Retirement Fund, excludes $52.1 million (2010: $50.9 million) of defined contribution assets and entitlements.

	Note	26 June 2011 $’000	27 June 2010 $’000
(A) BALANCE SHEET			
The amounts recognised in the balance sheet are determined as follows:			
Pension asset		**260**	–
Pension liabilities		**(3,595)**	(4,800)
Net pension liabilities		**(3,335)**	(4,800)
Present value of the defined benefit obligation	(B)	**(22,644)**	(21,512)
Fair value of defined benefit plan assets	(C)	**19,309**	16,712
Net pension liabilities		**(3,335)**	(4,800)
(B) RECONCILIATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION			
Balance at the beginning of the financial year		**21,512**	20,560
Current service cost		**952**	954
Interest cost		**979**	944
Contributions by employees		**248**	23
Actuarial (gains)/losses		**(725)**	1,643
Benefits paid		**(56)**	(2,513)
Taxes, premiums and expenses paid		**(243)**	(106)
Exchange differences on foreign plans		**(23)**	7
Balance at the end of the financial year		**22,644**	21,512

	26 June 2011 $'000	27 June 2010 $'000
(C) RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS		
Balance at the beginning of the financial year	**16,712**	17,875
Expected return on plan assets	**1,168**	1,194
Actuarial gains	**660**	657
Contributions by Group companies and employees	**1,081**	(408)
Benefits paid	**(56)**	(2,512)
Taxes, premiums and expenses paid	**(243)**	(106)
Exchange differences on foreign plans	**(13)**	12
Balance at the end of the financial year	**19,309**	16,712

(D) AMOUNTS RECOGNISED IN INCOME STATEMENT

The amounts recognised in the income statement are as follows:

	26 June 2011 $'000	27 June 2010 $'000
Current service cost	**952**	954
Interest cost	**979**	944
Expected return on plan assets	**(1,168)**	(1,194)
Total included in employee benefits expense	**763**	704
Actual return on plan assets	**1,636**	2,019

(E) CATEGORIES OF PLAN ASSETS

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

	26 June 2011 %	27 June 2010 %
Cash	**9**	7
Australian equities	**20**	21
Overseas equities	**33**	31
Fixed interest securities	**28**	28
Property	**5**	8
Other	**5**	5

(F) PRINCIPAL ACTUARIAL ASSUMPTIONS

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

	2011 %	2010 %
Discount rate	**5.2**	5.1
Expected return on plan assets	**5.9**	5.9
Future salary increases	**4.0**	4.0

The expected rate of return on assets has been determined by weighting the expected long term return for each class by the target allocation of assets to each asset class. This resulted in a 5.9% p.a. rate of return, net of tax and expenses (2010: 5.9% p.a).

(G) EMPLOYER CONTRIBUTIONS

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

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

Total employer contributions expected to be paid by Group companies for the 2012 financial year are $758,000.

(H) NET FINANCIAL POSITION OF PLAN

In accordance with AAS 25 Financial Reporting by Superannuation Plans the plans' net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as a surplus of $3.3 million at the most recent financial position of the plans, being 1 July 2008 for Australia and 1 April 2008 for New Zealand. As such, the assets of each of the plans are sufficient to satisfy all benefits that would have vested under the plans in the event of termination of the plans and voluntary or compulsory termination of employment of each employee.

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

(I) HISTORIC SUMMARY

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000
Defined benefit plan obligation	(20,048)	(24,254)	(20,560)	(21,512)	**(22,644)**
Plan assets	33,429	29,796	17,875	16,712	**19,309**
Surplus/(deficit)	13,381	5,542	(2,685)	(4,800)	**(3,335)**
Experience adjustments arising on plan liabilities	(2,032)	7,678	(1,513)	1,551	**(490)**
Experience adjustments arising on plan assets	(1,038)	(3,132)	6,283	(756)	**(585)**

21. Other financial assets

	26 June 2011 $'000	27 June 2010 $'000
Current		
Loan receivable	**3,686**	–
Total current other financial assets	**3,686**	–
Non-current		
Shares in unlisted entities – at fair value	**73**	2,575
Loan receivable	**14,760**	–
Total non-current other financial assets	**14,833**	2,575

	Note	26 June 2011 $'000	27 June 2010 $'000
22. Contributed equity			
Ordinary Shares			
2,351,955,725 ordinary shares fully paid (2010: 2,351,955,725)	(A)	**4,667,944**	4,667,944
Unvested Employee Incentive Shares			
11,723,026 unvested employee incentive shares (2010: 8,411,794)	(B)	**(21,696)**	(18,430)
Stapled Preference Shares (SPS)			
Nil stapled preference shares (2010: 3,000,000)	(C)	**–**	293,163
Debentures			
281 debentures fully paid (2010: 281)	(D)	*	*
Total contributed equity		**4,646,248**	4,942,677

* Amount is less than $1000.

RECONCILIATIONS

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

	Note	26 June 2011 No. of shares	27 June 2010 No. of shares	26 June 2011 $'000	27 June 2010 $'000
(A) ORDINARY SHARES					
Balance at beginning of the financial year		**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,990
Share issue costs		**–**	–	**–**	(46)
Balance at end of the financial year		**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,944
(B) UNVESTED EMPLOYEE INCENTIVE SHARES					
Balance at beginning of the financial year		**8,411,794**	8,411,794	**(18,430)**	(33,031)
Share acquisition – 10 December 2010		**3,311,232**	–	**(4,666)**	–
Tax benefit recognised directly in equity		**–**	–	**1,400**	14,601
Balance at end of the financial year		**11,723,026**	8,411,794	**(21,696)**	(18,430)
(C) STAPLED PREFERENCE SHARES (SPS)					
Balance at beginning of the financial year		**3,000,000**	3,000,000	**293,163**	293,163
Share repurchase – 29 April 2011		**(3,000,000)**	–	**(300,000)**	–
Share issue costs transferred to reserves	23	**–**	–	**6,837**	–
Balance at end of the financial year		**–**	3,000,000	**–**	293,163
(D) DEBENTURES					
Balance at beginning of the financial year		**281**	281	*	*
Balance at end of the financial year		**281**	281	*	*
Total contributed equity				**4,646,248**	**4,942,677**

* Amount is less than $1000.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

(A) Ordinary Shares

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

Dividend Reinvestment Plan

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

Under the terms of the DRP eligible shareholders are able to elect to reinvest their dividends in additional Fairfax shares, free of any brokerage or other transaction costs. Shares are issued and/or transferred to DRP participants at a predetermined price, less any discount that the directors may elect to apply from time to time. During the financial year ended 26 June 2011, no ordinary shares (2010: nil) were issued under the terms of the DRP.

(B) Unvested Employee Incentive Shares

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

(C) Stapled Preference Shares (SPS)

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

Distribution payments are at the discretion of directors however distributions, in the form of interest on the notes, are expected to be paid semi-annually in arrears each April and October, and rank in preference to ordinary shareholders and equally with preference shareholders. The distribution rate is calculated as the sum of the six month bank bill swap rate and a margin. Distributions are non-cumulative. Total distribution payments in the year to SPS holders was $19.8 million (2010: $15.8 million). Of the total distribution, $17.3 million has been classified as dividends paid (refer Note 6), with the remaining $2.5 million classified as finance costs. The classification is consistent with the reclassification of the SPS from equity to debt during the period.

On 29 April 2011, all of the SPS were repurchased in accordance with their terms of issue for a repurchase amount of $100 per share.

(D) Debentures

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

23. Reserves

	Note	26 June 2011 $'000	27 June 2010 $'000
Asset revaluation reserve, net of tax	(A)	**506**	1,833
Foreign currency translation reserve, net of tax	(B)	**(233,884)**	(140,969)
Cashflow hedge reserve, net of tax	(C)	**1,220**	10,946
Net investment hedge reserve, net of tax	(D)	**5,167**	(4,037)
Share-based payment reserve, net of tax	(E)	**6,971**	5,099
Acquisition reserve	(F)	**563**	–
General reserve	(G)	**(6,837)**	–
Total reserves		**(226,294)**	(127,128)
(A) Asset revaluation reserve			
Balance at beginning of the financial year		**1,833**	32
Revaluation of available for sale investments		**(1,606)**	2,082
Tax effect on available for sale investments		**279**	(281)
Balance at end of the financial year		**506**	1,833
(B) Foreign currency translation reserve			
Balance at beginning of the financial year		**(140,969)**	(173,662)
Net exchange differences on currency translation, net of tax		**(92,915)**	32,693
Balance at end of the financial year		**(233,884)**	(140,969)
(C) Cashflow hedge reserve			
Balance at beginning of the financial year		**10,946**	7,286
Effective portion of changes in value of cashflow hedges		**(13,894)**	4,522
Tax effect of net changes on cashflow hedges		**4,168**	(862)
Balance at end of the financial year		**1,220**	10,946
(D) Net investment hedge reserve			
Balance at beginning of the financial year		**(4,037)**	(1,024)
Effective portion of changes in value of net investment hedges		**13,148**	(4,272)
Tax effect on net investment hedges		**(3,944)**	1,259
Balance at end of the financial year		**5,167**	(4,037)
(E) Share-based payment reserve			
Balance at beginning of the financial year		**5,099**	3,987
Share-based payment expense		**2,675**	3,297
Tax effect on share-based payment expense		**(803)**	(989)
Tax expense recognised directly in reserve		**–**	(1,196)
Balance at end of the financial year		**6,971**	5,099
(F) Acquisition reserve			
Balance at beginning of the financial year		**–**	–
Acquisition of non-controlling interest		**(4,637)**	–
Recognition of put option on non-controlling interest		**5,200**	–
Balance at end of the financial year		**563**	–

	Note	26 June 2011 $'000	27 June 2010 $'000
(G) General reserve			
Balance at beginning of the financial year		**–**	–
Share issue costs transferred from contributed equity	22	**(6,837)**	–
Balance at end of the financial year		**(6,837)**	–

NATURE AND PURPOSE OF RESERVES

(A) Asset revaluation reserve

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

(B) Foreign currency translation reserve

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

(C) Cashflow hedge reserve

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

(D) Net investment hedge reserve

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

(E) Share-based payment reserve

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

(F) Acquisition reserve

The acquisition reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that does not result in a loss of control.
The reserve is attributable to the equity of the parent.

(G) General reserve

The general reserve is used to record Stapled Preference Share (SPS) issue costs that have been transferred from contributed equity.
The SPS were repurchased on 29 April 2011.

24. Retained profits

	Note	26 June 2011 $'000	27 June 2010 $'000
Balance at beginning of the financial year		**481,978**	237,604
Net (loss)/profit for the financial year		**(390,861)**	282,115
Actuarial gain/(loss) on defined benefit plans, net of tax		**967**	(741)
Tax benefits recognised directly in equity		**5,191**	4,770
Total available for appropriation		**97,275**	523,748
Dividends paid	6	**(85,511)**	(41,770)
Balance at end of the financial year		**11,764**	481,978

25. Non-controlling interest

	26 June 2011 $'000	27 June 2010 $'000
Interest in:		
Contributed equity	**3,407**	1,783
Reserves	**4,484**	7,679
Retained profits	**(901)**	(251)
Balance at end of the financial year	**6,990**	9,211
RECONCILIATION		
Balance at beginning of the financial year	**9,211**	9,445
Acquisition of controlled entities	**883**	–
Acquisition of non-controlling interest in previously controlled entities	**(3,228)**	–
Share of profit for the period	**1,194**	262
Dividends paid to non-controlling interest	**(1,070)**	(496)
Balance at end of the financial year	**6,990**	9,211

26. Earnings per share

	26 June 2011 ¢ per share	27 June 2010 ¢ per share
Basic (loss)/earnings per share		
After significant items less SPS dividend (net of tax)	**(17.0)**	11.5
Diluted (loss)/earnings per share		
After significant items (net of tax)	**(17.0)**	11.0

	26 June 2011 $'000	27 June 2010 $'000
Earnings reconciliation – basic		
Net (loss)/profit attributable to members of the Company	**(390,861)**	282,115
Less Dividends on SPS (net of tax)	**(10,034)**	(11,780)
Basic (loss)/earnings after significant items less SPS dividend	**(400,895)**	270,335
Earnings reconciliation – diluted		
Net (loss)/profit attributable to members of the Company	**(390,861)**	282,115

	26 June 2011 Number '000	27 June 2010 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,351,956**	2,351,956
SPS	**166,530**	212,128
Weighted average number of ordinary shares used in calculating diluted EPS	**2,518,486**	2,564,084

27. Commitments

OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Group has entered into commercial leases on office and warehouse premises, motor vehicles and office equipment. Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

	26 June 2011 $'000	27 June 2010 $'000
Within one year	**41,850**	43,238
Later than one year and not later than five years	**135,606**	129,939
Later than five years	**271,331**	313,970
Total operating lease commitments	**448,787**	487,147

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

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

FINANCE LEASE COMMITMENTS – GROUP AS LESSEE

The Group has a finance lease for property, plant and machinery with a carrying amount of $30.1 million (2010: $31.3 million). The lease has a remaining term of four years (2010: five years) and a weighted average interest rate of 13.4% (2010: 13.4%). Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Note	26 June 2011 $'000	27 June 2010 $'000
Within one year		**5,076**	5,076
Later than one year and not later than five years		**16,496**	20,303
Later than five years		**–**	1,269
Minimum lease payments		**21,572**	26,648
Less future finance charges		**(3,147)**	(4,644)
Total finance lease liability		**18,425**	22,004
Classified as:			
Current interest bearing liabilities		**3,842**	3,579
Non-current interest bearing liabilities		**14,583**	18,425
Total finance lease liability	18(D)	**18,425**	22,004

CONTINGENT RENTALS UNDER FINANCE LEASE

A component of the finance lease payments are contingent on movements in the consumer price index. At balance date, the rent payable over the remaining lease term of four years which is subject to such movements amounts to $18.3 million (2010: $21.6 million).

CAPITAL COMMITMENTS

At 26 June 2011, the Group has commitments principally relating to the purchase of property, plant and equipment. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	26 June 2011 $'000	27 June 2010 $'000
Within one year	**2,506**	7,772
Later than one year and not later than five years	**–**	–
Later than five years	**–**	–
Total capital commitments	**2,506**	7,772

28. Contingencies

GUARANTEES

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

DEFAMATION

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

29. Controlled entities

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

	Notes	Country of Incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Fairfax Media Limited	(a)	Australia		
CONTROLLED ENTITIES				
5AU Broadcasters Proprietary Limited	(a)	Australia	100	100
ACN 074 162 888 Pty Ltd (in Liq)	(c)	Australia	–	100
ACN 083 365 799 Pty Ltd (in Liq)	(c)	Australia	–	100
ACN 101 806 302 Pty Ltd	(a)	Australia	100	100
Agricultural Publishers Pty Limited	(a)	Australia	100	100
Associated Newspapers Ltd	(a)	Australia	100	100
Aussie Destinations (1) Pty Ltd	(b)	Australia	68	48
Australian Property Monitors Pty Limited	(a)	Australia	100	100
AZXC Pty Ltd	(b)	Australia	68	48
Border Mail Printing Pty Ltd	(a)	Australia	100	100
Bridge Printing Office Pty Limited	(a)	Australia	100	100
Bundaberg Broadcasters Pty Ltd	(a)	Australia	100	100
Bundaberg Narrowcasters Pty Ltd		Australia	100	100
Carpentaria Newspapers Pty Ltd	(a)	Australia	100	100
Central Districts Field Days Limited		New Zealand	100	100
Commerce Australia Pty Ltd	(a)	Australia	100	75
Communication Associates Limited		New Zealand	100	100
Country Publishers Pty Ltd	(a)	Australia	100	100
CountryCars.com.au Pty Ltd	(a)	Australia	100	100
Creative House Publications Pty Ltd		Australia	60	60
Cudgegong Newspapers Pty Ltd		Australia	100	100
David Syme & Co Pty Limited	(a)	Australia	100	100
Debt Retrieval Agency Limited		New Zealand	100	100
Esperance Holdings Pty Ltd (in Liq)	(c)	Australia	–	100
Examiner Properties Pty Ltd	(a)	Australia	100	100
F@rming Online Pty Ltd (in Liq)	(c)	Australia	–	100
Fairfax Business Media (South Asia) Pte Limited		Singapore	100	100
Fairfax Business Media Pte Limited		Singapore	100	100
Fairfax Business Media Sdn. Bhd.		Malaysia	100	100
Fairfax Community Network Limited	(a)	Australia	100	100
Fairfax Community Newspapers Pty Limited	(a)	Australia	100	100
Fairfax Corporation Pty Limited	(a)	Australia	100	100
Fairfax Digital Australia & New Zealand Pty Ltd	(a)	Australia	100	100
Fairfax Digital Limited	(a)	Australia	100	100
Fairfax Group Finance New Zealand Pty Ltd		New Zealand	100	100
Fairfax Media (UK) Limited		United Kingdom	100	100
Fairfax Media Group Finance Pty Limited	(a)	Australia	100	100
Fairfax Media Management Pty Limited	(a)	Australia	100	100
Fairfax Media Operations Limited	(f)	New Zealand	100	–
Fairfax Media Operations Pty Ltd	(e)	Australia	100	100
Fairfax Media Publications Pty Limited	(a)	Australia	100	100
Fairfax New Zealand Finance Pty Ltd		Australia	100	100
Fairfax New Zealand Holdings Limited		New Zealand	100	100

	Notes	Country of Incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Fairfax New Zealand Limited		New Zealand	100	100
Fairfax News Network Pty Limited	(a)	Australia	100	100
Fairfax Print Holdings Pty Limited	(a)	Australia	100	100
Fairfax Printers Pty Limited	(a)	Australia	100	100
Fairfax Radio Network Pty Limited	(a)	Australia	100	100
Fairfax Radio Syndication Pty Limited	(a)	Australia	100	100
Fairfax Regional Printers Pty Limited	(a)	Australia	100	100
Fantasports Australia Pty Ltd (in Liq)	(c)	Australia	–	100
Farm Progress Companies, Inc		United States	100	100
Farm Progress Holding Co, Inc		United States	100	100
Farm Progress Insurance Services, Inc		United States	100	100
Financial Essentials Pty Ltd	(a)	Australia	100	100
Find a Babysitter Pty Limited	(a)	Australia	100	100
Golden Mail Pty Limited		Australia	66	66
Harris and Company Pty Limited	(a)	Australia	100	100
Harris Enterprises Pty Ltd	(a)	Australia	100	100
Harris Print Pty Ltd	(a)	Australia	100	100
Harris Publications Pty Ltd (in Liq)	(c)	Australia	–	100
Hunter Distribution Network Pty Ltd	(a)	Australia	100	100
Illawarra Newspaper Holdings Pty Ltd	(a)	Australia	100	100
Indiana Prairie Farmer Insurance Services, Inc		United States	100	100
Integrated Publication Solutions Pty Ltd	(a) (d)	Australia	100	100
Internet Marketing Australia Pty Ltd	(b)	Australia	68	48
Internet Products Sales & Services Pty Ltd	(b)	Australia	68	48
InvestSMART Financial Services Pty Ltd		Australia	100	100
John Fairfax & Sons Ltd	(a)	Australia	100	100
John Fairfax (US) Limited		United States	100	100
John Fairfax Limited	(a)	Australia	100	100
Lanson Investments Pty Ltd	(a)	Australia	100	100
Leeton Newspapers Pty Ltd		Australia	100	100
Lime Digital Pty Limited		Australia	100	100
Mayas Pty Ltd		Australia	100	100
Mayas Unit Trust		Australia	100	100
Media Investments Pty Ltd	(a)	Australia	100	100
Melbourne Community Newspapers Pty Ltd (in Liq)	(c)	Australia	–	100
Merredin Advertiser Pty Ltd (in Liq)	(c)	Australia	–	100
Micosh Pty Ltd		Australia	100	100
Miller Publishing Co, Inc		United States	100	100
Milton Ulladulla Publishing Co. Pty Ltd	(a)	Australia	100	60
Mistcue Pty Limited		Australia	65	65
Mountain Press Pty Ltd		Australia	88	88
Newcastle Newspapers Pty Ltd	(a)	Australia	100	100
Newsagents Direct Distribution Pty Ltd	(a) (g)	Australia	100	–
North Australian News Pty Ltd	(a)	Australia	100	100
Northern Newspapers Pty Ltd	(a)	Australia	100	100
NZ Rural Press Limited		New Zealand	100	100
Occupancy Pty Ltd	(h)	Australia	90	–
Old Friends Limited		New Zealand	100	100
Ollority Pty Ltd	(b)	Australia	68	48
Online Marketing Group Pty Ltd	(b)	Australia	68	48

	Notes	Country of Incorporation	Ownership interest 2011 %	2010 %
Online Services International Limited		New Zealand	100	100
OSF Australia Pty Limited		Australia	100	100
Fairfax Media Productions UK Limited	(i)	United Kingdom	100	100
Personal Investment Direct Access Pty Limited		Australia	100	100
Port Lincoln Times Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Trust		Australia	100	100
Queensland Community Newspapers Pty Limited	(a)	Australia	100	100
Radio 1278 Melbourne Pty Limited	(a)	Australia	100	100
Radio 2UE Sydney Pty Ltd	(a)	Australia	100	100
Radio 3AW Melbourne Pty Limited	(a)	Australia	100	100
Radio 4BC Brisbane Pty Limited	(a)	Australia	100	100
Radio 4BH Brisbane Pty Limited	(a)	Australia	100	100
Radio 6PR Perth Pty Limited	(a)	Australia	100	100
Radio 96FM Perth Pty Limited	(a)	Australia	100	100
Regional Press Australia Pty Limited		Australia	100	100
Regional Printers Pty Limited	(a)	Australia	100	100
Regional Publishers (Tasmania) Pty Ltd	(a)	Australia	100	100
Regional Publishers (Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers (Western Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers Pty Ltd	(a)	Australia	100	100
Riverina Newspapers (Griffith) Pty Ltd		Australia	100	100
RP Interactive Pty Ltd (in Liq)	(c)	Australia	–	100
RSVP.com.au Pty Limited	(a)	Australia	100	100
Rural Press (North Queensland) Pty Limited (in Liq)	(c)	Australia	–	100
Rural Press (USA) Inc		United States	100	100
Rural Press (USA) Limited		United States	100	100
Rural Press Pty Ltd	(a)	Australia	100	100
Rural Press Printing (Victoria) Pty Limited	(a)	Australia	100	100
Rural Press Printing Pty Limited	(a)	Australia	100	100
Rural Press Queensland Pty Ltd	(a)	Australia	100	100
Rural Press Regional Media (WA) Pty Limited	(a)	Australia	100	100
Rural Press Share Plan Pty Limited (in Liq)	(c)	Australia	–	100
Rural Publishers Pty Limited	(a)	Australia	100	100
Southern Weekly Partnership		Australia	51	51
S.A. Regional Media Pty Limited	(a)	Australia	100	100
Satellite Interactive Marketing Pty Limited (in Liq)	(c)	Australia	–	100
Satellite Music Australia Pty Limited	(a)	Australia	100	100
Stayz Limited		New Zealand	90	100
Stayz Pty Limited		Australia	90	100
Stock Journal Publishers Pty Ltd	(a)	Australia	100	100
Suzannenic Pty Limited	(a)	Australia	100	100
The Advocate Newspaper Proprietary Limited	(a)	Australia	100	100
The Age Company Pty Ltd	(a)	Australia	100	100
The Age Print Company Pty Ltd	(a)	Australia	100	100
The Barossa News Pty Limited	(a)	Australia	100	100
The Border Morning Mail Pty Ltd	(a)	Australia	100	100
The Border News Partnership		Australia	63	63
The Examiner Newspaper Pty Ltd	(a)	Australia	100	100
The Federal Capital Press of Australia Pty Limited	(a)	Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2011 %	Ownership interest 2010 %
The Independent News Pty Ltd	(a)	Australia	100	100
The Murrumbidgee Irrigator Pty Ltd		Australia	100	100
The Printing Press Pty Limited (in Liq)	(c)	Australia	–	100
TheVine.com.au Pty Ltd		Australia	70	70
The Wagga Daily Advertiser Pty Ltd	(a)	Australia	100	100
The Warrnambool Standard Pty Ltd	(a)	Australia	100	100
The Weather Company Pty Limited		Australia	75	75
Trade Me Limited		New Zealand	100	100
Tricom Group Pty Ltd		Australia	100	100
Trade Me Travel Trustees Limited		New Zealand	100	100
West Australian Rural Media Pty Ltd	(a)	Australia	100	100
West Australian Primary Industry Press Pty Ltd	(a)	Australia	100	100
Western Magazine Pty Ltd		Australia	75	75
Western Magazine Settlement Trust		Australia	75	75
Whyalla News Properties Pty Ltd	(a)	Australia	100	100
Winbourne Pty Limited	(a)	Australia	100	100

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

(b) The ownership interest in these entities was increased from 48% to 68% on 23 November 2010. As a result, these entities are now controlled by the Group.

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

(d) This company was formerly called Digital Radio Australia Pty Limited.

(e) This company was formerly called Go East Furniture Company Pty Ltd.

(f) Incorporated on 22 November 2010.

(g) Acquired on 9 December 2010.

(h) Acquired on 11 March 2011.

(i) This company was formerly called Oxford Scientific Films Limited.

DEED OF CROSS GUARANTEE

Fairfax Media Limited and certain wholly-owned entities (the “Closed Group”) identified at (a) above are parties to a Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended). Pursuant to the requirements of that Class Order, a summarised consolidated income statement for the period ended 26 June 2011 and consolidated balance sheet as at 26 June 2011, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

(A) BALANCE SHEET

	26 June 2011 $'000	27 June 2010 $'000
Current assets		
Cash and cash equivalents	**136,644**	59,430
Trade and other receivables	**296,131**	310,909
Inventories	**33,642**	32,502
Held to maturity investments	**–**	11,591
Assets held for sale	**2,342**	3,176
Other financial assets	**3,686**	–
Total current assets	**472,445**	417,608
Non-current assets		
Receivables	**647,574**	720,233
Investments accounted for using the equity method	**32,377**	42,734
Available for sale investments	**2,633**	4,239
Intangible assets	**3,768,533**	3,962,668
Property, plant and equipment	**626,056**	663,629
Derivative assets	**27,839**	28,065
Deferred tax assets	**8,362**	23,604
Other financial assets	**1,052,167**	1,397,236
Total non-current assets	**6,165,541**	6,842,408
Total assets	**6,637,986**	7,260,016
Current liabilities		
Payables	**202,998**	205,777
Interest bearing liabilities	**647,407**	269,672
Derivative liabilities	**80,200**	12,567
Provisions	**120,964**	96,874
Current tax liabilities	**39,828**	43,425
Total current liabilities	**1,091,397**	628,315
Non-current liabilities		
Interest bearing liabilities	**865,295**	1,194,713
Derivative liabilities	**100,513**	85,093
Provisions	**47,486**	45,864
Pension liabilities	**3,595**	4,779
Total non-current liabilities	**1,016,889**	1,330,449
Total liabilities	**2,108,286**	1,958,764
Net assets	**4,529,700**	5,301,252
Equity		
Contributed equity	**4,646,248**	4,942,677
Reserves	**(30,958)**	(46,640)
Retained profits	**(85,590)**	405,215
Total equity	**4,529,700**	5,301,252

	26 June 2011 $'000	27 June 2010 $'000
(B) INCOME STATEMENT		
Total revenue	**1,989,258**	1,901,430
Share of net profits of associates and joint ventures	**2,845**	1,709
Expenses before finance costs	**(2,256,837)**	(1,494,106)
Finance costs	**(39,552)**	(52,760)
Net (loss)/profit from operations before income tax expense	**(304,286)**	356,273
Income tax expense	**(64,045)**	(84,562)
Net (loss)/profit from operations after income tax expense	**(368,331)**	271,711

30. Acquisition and disposal of controlled entities

(A) ACQUISITIONS

The Group gained control over the following entities or businesses during the year:

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Country Connect Pty Limited	Web design and livestock marketing	20 September 2010	(i)
Naracoorte Herald Pty Limited	Newspaper publishing	1 October 2010	(ii)
South East Coastal Leader Pty Limited	Newspaper publishing	1 October 2010	(iii)
Border Chronicle Pty Limited	Newspaper publishing	1 October 2010	(iv)
Commerce Australia Pty Ltd	Online real estate website	20 October 2010	(v)
Online Marketing Group Pty Limited	E-commerce: Online marketing	23 November 2010	68.2% (vi)
AZXC Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Internet Products Sales & Services Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Ollority Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Internet Marketing Australia Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Aussie Destinations (1) Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Newsagents Direct Distribution Pty Ltd	Distribution	9 December 2010	100%
TenderLink.com Limited	Online tender notification service	31 January 2011	(viii)
Kiama Independent	Newspaper publishing	28 February 2011	(ix)
Lake Times	Newspaper publishing	28 February 2011	(x)
Occupancy Pty Limited	Online accommodation advertising	11 March 2011	100%
Milton Ulladulla Publishing Co Pty Limited	Newspaper publishing	23 June 2011	(xi)

(i) The business of Country Connect Pty Limited was acquired including the Country Connect trademark and the www.countryconnect.com.au domain name.
(ii) The business of Naracoorte Herald Pty Limited was acquired including the Naracoorte Herald and Naracoorte Herald Extra mastheads.
(iii) The business of South East Coastal Leader Pty Limited was acquired including the South East Coastal Leader and Summer Holiday Guide mastheads.
(iv) The business of Border Chronicle Pty Limited was acquired including the Border Chronicle masthead.
(v) On 14 March 2007, the Group gained control over Commerce Australia Pty Ltd via the acquisition of a 75% interest in this company. On 20 October 2010, the Group acquired the remaining 25% interest in this company resulting in an ownership interest of 100%.
(vi) The Group acquired an additional 20.2% interest in this company during the period, by way of a convertible note settlement. An interest of 48% had previously been acquired in October 2008. As a result the company is now controlled by the Group and is no longer accounted for as a joint venture (refer Note 11).
(vii) This is a 100% owned subsidiary of Online Marketing Group Pty Limited. Refer (vi) above.
(viii) The business of TenderLink.com Limited was acquired including the www.tenderlink.com domain name.
(ix) The business of Kiama Independent was acquired including the Kiama Independent masthead and the www.kiamaindependent.com.au domain name.
(x) The business of Lake Times was acquired including the Lake Times masthead and www.laketimes.com.au domain name.
(xi) The Group acquired the remaining 40% interest in this company resulting in an ownership interest of 100%.

For additional information refer to Note 31.

(B) DISPOSALS

The Group disposed of its interests in the following businesses during the year:

Entity or business disposed	Principal activity	Date of Disposal	Ownership Interest
Connect 4	Financial information services	1 September 2010	(i)
OSF Limited	Television production	8 June 2011	(ii)

(i) The business assets of Connect 4 were disposed, including the Connect 4 trademark and the www.connect4.com.au domain name.
(ii) The business assets of OSF Limited were disposed.

31. Business combinations

ACQUISITIONS DURING THE PERIOD

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

The fair values of the identifiable assets and liabilities acquired were:

	Recognised on acquisition $'000
Value of net assets acquired	
Cash and cash equivalents	2,256
Receivables	1,542
Inventories	50
Property, plant and equipment	1,060
Intangible assets*	23,580
Deferred tax assets	47
Total assets	28,535
Payables	6,454
Provisions	534
Current tax liabilities	177
Deferred tax liabilities	576
Total liabilities	7,741
Value of identifiable net assets	20,795
Non-controlling interest in net assets**	(883)
Goodwill arising on acquisition	48,387
Total identifiable net assets and goodwill attributable to the group	68,299
Purchase consideration	
Cash paid	30,061
Contingent consideration liability	8,727
Shares issued at fair value	11,221
Fair value of equity interest in joint venture prior to acquisition of controlling interest	11,002
Fair value of derivatives (call and put options) issued	4,700
Conversion of convertible notes to shares	2,588
Total purchase consideration	68,299
Net cash outflow on acquisition	
Net cash acquired with subsidiary	2,256
Cash paid	(30,061)
Net cash outflow	(27,805)

* The fair values of intangible assets acquired for Occupancy Pty Limited have been determined provisionally and based upon the best information available as initial accounting was not complete at the reporting date.

** The value of the non-controlling interest was determined based on the 20.2% interest in the fair value of the identifiable net assets of Online Marketing Group Pty Ltd as at the acquisition date.

Direct costs of $559,050 were incurred in relation to the above acquisitions. These costs are included in other expenses in the consolidated income statement.

The consolidated income statement includes sales revenue and net profit for the year ended 26 June 2011 of $9,487,490 and $536,478 respectively, as a result of acquisitions of business combinations made during the reporting period. Had the acquisitions occurred at the beginning of the reporting period, the consolidated income statement would have included revenue and profit of $19,779,803 and $964,656 respectively.

Goodwill of $48,387,057 includes synergies expected to be achieved as a result of combining the acquired businesses with the rest of the Group. The acquired workforces and future growth opportunities are also key factors contributing to the goodwill acquired during the reporting period.

Customer relationships with various suppliers have been acquired as part of the business acquisitions made during the reporting period. These have been subject to an external third party valuation and the fair value has been recognised in the net assets acquired and will be subject to annual impairment testing in future periods.

Included in the business acquisitions made during the reporting period were mastheads, brand, trade and domain names.

Under the terms of a number of the purchase agreements, the Group must pay former owners of the acquired businesses additional cash payments based upon various performance metrics including specific revenue targets for the 2011 fiscal year. The potential undiscounted amounts of all future payments that may be required is $8,727,164, which is recorded in trade and other payables in Note 17. Future changes in estimates of the contingent consideration will be recorded directly in the consolidated income statement in the periods in which they occur.

Under the terms of one of the purchase agreements, call and put options have been issued to the vendors by the Group. The fair value of the call and put options as at 26 June 2011 was $4,700,000 which is recorded in derivative financial instruments in Note 15.

32. Employee benefits

(A) NUMBER OF EMPLOYEES

As at 26 June 2011 the consolidated entity employed 8,806 full-time employees (2010: 8,778) and 1,825 part-time and casual employees (2010: 1,801). This includes 2,117 (2010: 2,164) full-time employees and 378 (2010: 378) part-time and casual employees in New Zealand.

(B) EMPLOYEE SHARE PLANS

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

1. Fairfax Exempt Employee Share Plan

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

2. Fairfax Deferred Employee Share Plan

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

3. Long Term Equity Based Incentive Scheme

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

33. Remuneration of auditors

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

	26 June 2011 $	27 June 2010 $
Audit services		
Ernst & Young Australia		
Audit and review of financial reports	**1,174,200**	1,435,000
Affiliates of Ernst & Young Australia		
Audit and review of financial reports	**231,750**	329,000
Non Ernst & Young Firms		
Audit and review of financial reports	**27,256**	–
Total audit services	**1,433,206**	1,764,000
Other assurance services		
Ernst & Young Australia		
Regulatory and contractually required audits	**276,510**	337,834
Other	**111,182**	8,240
Affiliates of Ernst & Young Australia		
Regulatory and contractually required audits	**170,030**	316,386
Other	**–**	8,929
Non Ernst & Young Firms		
Regulatory and contractually required audit	**20,703**	–
Other	**2,200**	–
Total other assurance services	**580,625**	671,389
Total remuneration for assurance services	**2,013,831**	2,435,389
Non assurance services		
Ernst & Young Australia		
Other services	**–**	–
Affiliates of Ernst & Young Australia		
Other services	**–**	14,132
Non Ernst & Young Firms		
Other services	**–**	–
Total non assurance services	**–**	14,132
Total remuneration of auditors	**2,013,831**	2,449,521

34. Director and executive disclosures

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Shareholdings

2011	Balance 27 June 2010	Net change Other	Balance 26 June 2011	Post year-end acquisitions	Post year-end disposals	Post year-end balance
Directors						
RC Corbett	99,206	–	99,206	–	–	99,206
JB Fairfax*	235,426,781	–	235,426,781	–	–	235,426,781
N Fairfax	3,892,481	–	3,892,481	–	–	3,892,481
B McCarthy*	1,200,462	–	1,200,462	–	–	1,200,462
G Hywood	–	–	–	–	–	–
S McPhee	–	4,783	4,783	7,712	–	12,495
S Morgan	–	181,500	181,500	–	–	181,500
L Nicholls	–	5,401	5,401	7,261	–	12,662
R Savage	47,899	–	47,899	–	–	47,899
P Young	131,117	–	131,117	–	–	131,117
M Anderson	–	–	–	–	–	–
Key management personnel						
B Cassell	1,061,014	–	1,061,014	–	–	1,061,014
G Hambly	178,581	(950)	177,631	–	–	177,631
Total	242,037,541	190,734	242,228,275	14,973	–	242,243,248

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

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

Stapled Preference Shares (SPS)

SPS held, acquired or disposed of in the financial year ended 26 June 2011 by directors or key management personnel have been disclosed in the table above.

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

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

	Opening Balance 27 June 2010	Granted as remuneration	Net change Other**	Closing Balance 26 June 2011
Directors				
B McCarthy*	950,399	–	–	950,399
G Hywood	–	–	–	–
Key management personnel				
B Cassell	284,792	315,097	–	599,889
G Hambly	270,560	234,194	–	504,754
Total	1,505,751	549,291	–	2,055,042

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

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

** Net change movements include forfeitures.

(C) LOANS TO KEY MANAGEMENT PERSONNEL

(i) Aggregates for key management personnel

There were no loans made to directors of Fairfax Media Limited or to other key management personnel of the Group, including their personally related parties, during the financial period ended 26 June 2011 (2010: nil).

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

There are no outstanding loans above $100,000 for the financial years ended 26 June 2011 and 27 June 2010.

35. Related party transactions

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

Interests in controlled entities are set out in Note 29.

(C) KEY MANAGEMENT PERSONNEL

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

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

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

(D) TRANSACTIONS WITH RELATED PARTIES

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

	Sales to related parties $'000	Purchases from related parties $'000	Amount owed by related parties $'000	Amount owed to related parties $'000
26 June 2011	2,724	18,841	2,792	69
27 June 2010	4,507	19,556	2,539	104

36. Notes to the cash flow statement

	Note	26 June 2011 $'000	27 June 2010 $'000
(A) RECONCILIATION OF NET (LOSS)/PROFIT AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Net (loss)/profit for the financial year		**(389,667)**	282,377
Non-cash items			
Depreciation and amortisation	3(B)	**114,351**	113,623
Impairment of property, plant and equipment, intangibles and investments		**655,051**	6,436
Amortisation of borrowing costs		**1,568**	4,422
Share of profits of associates and joint ventures not received as dividends		**(789)**	491
Straight-line rent adjustment		**909**	1,290
Net loss on disposal of property, plant and equipment		**1,526**	1,732
Net gain on disposal of investments and other assets		**(785)**	(322)
Fair value adjustment to derivatives		**(6,695)**	(2,360)
Net foreign currency loss		**807**	843
Share-based payment expense		**2,675**	3,297
Non-cash superannuation expense		**(70)**	1,136
Changes in operating assets and liabilities, net of effects from acquisitions			
Decrease/(increase) in trade receivables		**18,725**	(45,410)
(Increase)/decrease in other receivables		**(2,194)**	76
(Increase)/decrease in inventories		**(1,592)**	1,584
Increase in other assets		**(1,113)**	–
Increase/(decrease) in payables		**1,777**	(9,826)
Increase/(decrease) in provisions		**32,303**	(16,760)
Increase in tax balances		**4,638**	106,990
Net cash inflow from operating activities		**431,425**	449,619

(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

Cash on hand and at bank	**207,137**	117,872
Total cash at end of the financial year	**207,137**	117,872

37. Financial and capital risk management

Financial risk management

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

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

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

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

Capital risk management

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

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

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

- sufficient finance for the business is maintained at a reasonable cost; and
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies.

Where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible increased dividends or returns of equity to shareholders.

The Group's financial strategy is to target the net debt to underlying EBITDA ratio at around 2 times. The Group's S&P credit rating is currently BB+.

The net debt to EBITDA ratio for the Group at 26 June 2011 and 27 June 2010 is as follows:

	Note	2011 $'000	2010 $'000
Net debt for financial covenant purposes	18	**1,487,601**	1,435,002
EBITDA*		**608,837**	644,586
Net debt to EBITDA ratio		**2.44**	2.23

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

Risk factors

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

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

(A) INTEREST RATE RISK

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

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

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

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

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

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

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

As at 26 June 2011

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	207,137	–	–	207,137
Trade and other receivables	–	–	358,876	358,876
Available for sale investments	–	–	2,633	2,633
Other financial assets	18,446	–	73	18,519
Derivatives	27,339	–	500	27,839
Total financial assets	252,922	–	362,082	615,004
Financial liabilities				
Payables	–	–	279,669	279,669
Interest bearing liabilities:				
Bank borrowings and loans	411,438	11,633	–	423,071
Senior notes	23,815	426,478	–	450,293
Eurobonds	–	472,543	–	472,543
Medium term notes	–	167,700	–	167,700
Finance lease liability	18,425	–	–	18,425
Total interest bearing liabilities	453,678	1,078,354	–	1,532,032
Derivatives	120,668	54,845	11,221	186,734
Total financial liabilities	574,346	1,133,199	290,890	1,998,435

As at 27 June 2010

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	117,872	–	–	117,872
Trade and other receivables	–	–	380,979	380,979
Available for sale investments	–	–	4,239	4,239
Held to maturity investments	11,591	–	–	11,591
Other financial assets	–	–	2,575	2,575
Derivatives	28,970	15,382	–	44,352
Total financial assets	158,433	15,382	387,793	561,608
Financial liabilities				
Payables	–	–	276,580	276,580
Interest bearing liabilities:				
Bank borrowings and loans	181,782	15,058	–	196,840
Senior notes	28,574	569,388	–	597,962
Eurobonds	–	494,068	–	494,068
Medium term notes	–	167,587	–	167,587
Finance lease liability	22,004	–	–	22,004
Total interest bearing liabilities	232,360	1,246,101	–	1,478,461
Derivatives	56,277	41,383	–	97,660
Total financial liabilities	288,637	1,287,484	276,580	1,852,701

Sensitivity analysis

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

A sensitivity of 30% (2010: 30%) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates. A 30% sensitivity would move short term interest rates at 26 June 2011 from around 5.02% to 6.53% representing a 151 basis point shift (2010: 149 basis point shift).

In 2011, 86% (2010: 84%) of the Group's debt, taking into account all underlying exposures and related hedges was denominated in Australian Dollars; therefore, only the movement in Australian interest rates is used in this sensitivity analysis.

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

	Impact on post-tax profit		Impact on equity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
If interest rates were 30% higher with all other variables held constant – increase/(decrease)	**(3,725)**	(3,969)	**4,888**	2,906
If interest rates were 30% lower with all other variables held constant – increase/(decrease)	**3,725**	3,969	**(5,181)**	(3,262)

(B) FOREIGN CURRENCY RISK

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

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

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

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

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

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

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

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

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

Sensitivity analysis

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

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

(a) AUD / NZD

Comparing the Australian Dollar exchange rate against the New Zealand Dollar, a 15% weaker Australian Dollar would result in an exchange rate of 1.0966 and a 15% stronger Australian Dollar in an exchange rate of 1.4836 based on the year end rate of 1.2901. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the New Zealand Dollar has traded in the range of 1.0781 to 1.3746.

	Impact on post-tax profit		Impact on equity (hedging reserves) *	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
If the AUD exchange rate was 15% weaker against the NZD with all other variables held constant – increase/(decrease)	**1,232**	4,497	**(29,147)**	(30,927)
If the AUD exchange rate was 15% stronger against the NZD with all other variables held constant – increase/(decrease)	**(2,086)**	(3,862)	**21,543**	22,859

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

(b) AUD / USD

Comparing the Australian Dollar exchange rate against the United States Dollar, a 15% weaker Australian Dollar would result in an exchange rate of 0.8912 and a 15% stronger Australian Dollar in an exchange rate of 1.2058 based on the year end rate of 1.0485. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the United States Dollar has traded in the range of 0.6120 to 1.0966.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
If the AUD exchange rate was 15% weaker against the USD with all other variables held constant – increase/(decrease)	**612**	(32)	**(2,468)**	3,067
If the AUD exchange rate was 15% stronger against the USD with all other variables held constant – increase/(decrease)	**(145)**	(1,313)	**2,902**	(1,896)

(c) AUD / EUR

Comparing the Australian Dollar exchange rate against the Euro, a 15% weaker Australian Dollar would result in an exchange rate of 0.6276 and a 15% stronger Australian Dollar in an exchange rate of 0.8492 based on the year end rate of 0.7384. This range is considered reasonable given over the last five years, the Australian Dollar exchange rate against the Euro has traded in the range of 0.4795 to 0.7706.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
If the AUD exchange rate was 15% weaker against the Euro with all other variables held constant – increase/(decrease)	**(467)**	3,348	**1,735**	(1,163)
If the AUD exchange rate was 15% stronger against the Euro with all other variables held constant – increase/(decrease)	**387**	3,338	**(868)**	(4,228)

(C) CREDIT RISK

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

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

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 26 June 2011 counterparty credit risk was limited to financial institutions with credit ratings ranging from A- to AA.

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

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

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

(D) LIQUIDITY RISK

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

To help reduce this risk the Group:

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

Refer to Note 18(B) for details of the Group's unused credit facilities at 26 June 2011.

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

As at 26 June 2011

	(Nominal cash flows)			
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000
Financial liabilities*				
Payables	(279,669)	–	–	–
Bank borrowings and loans	(34,099)	(156,700)	(296,456)	–
Notes and bonds	(708,797)	(25,961)	(334,158)	(150,920)
Finance lease liability	(10,766)	(9,130)	(21,984)	–
Derivatives – inflows*				
Cross currency swaps – foreign leg (fixed)**	529,122	25,499	311,945	155,704
Cross currency swaps – foreign leg (variable)**	462	462	24,768	–
Derivatives – outflows*				
Cross currency swaps – AUD leg (fixed)**	(224,110)	(8,911)	(26,734)	(136,800)
Cross currency swaps – AUD leg (variable)**	(382,702)	(7,007)	(192,479)	–
Cross currency swaps – NZD leg (variable)**	(9,056)	(9,056)	(85,503)	(169,970)
Interest rate swaps ***	(366,846)	(129,219)	(10,547)	–
Put option	–	(5,611)	(5,610)	–

As at 27 June 2010

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

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

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

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

(E) FAIR VALUE

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

	Carrying value 2011 $'000	Fair value 2011 $'000	Carrying value 2010 $'000	Fair value 2010 $'000
Financial assets				
Cash and cash equivalents	**207,137**	**207,137**	117,872	117,872
Receivables	**358,876**	**358,876**	380,979	380,979
Derivative assets	**27,839**	**27,839**	44,352	44,352
Available for sale investments	**2,633**	**2,633**	4,239	4,239
Held to maturity investments	**–**	**–**	11,591	10,351
Other financial assets	**18,519**	**18,519**	2,575	2,575
	615,004	**615,004**	561,608	560,368
Financial liabilities				
Payables	**279,669**	**279,669**	276,580	276,580
Interest bearing liabilities:				
Bank borrowings	**423,071**	**423,071**	196,840	196,840
Eurobonds	**472,543**	**473,331**	494,068	495,589
Senior notes	**450,293**	**451,689**	597,962	599,764
Medium term notes	**167,700**	**167,700**	167,587	167,700
Finance lease liability	**18,425**	**28,887**	22,004	32,845
Derivative liabilities	**186,734**	**186,734**	97,660	97,660
	1,998,435	**2,011,081**	1,852,701	1,866,978

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

The fair value of the senior notes and lease liabilities have been calculated by discounting the future cash flows by interest rates for liabilities with similar risk profiles. The discount rates applied range from 1.94% to 13.35% (2010: 2.66% to 13.37%).

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

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

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

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

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

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

As at 26 June 2011

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Derivative assets	**–**	**27,839**	**–**	**27,839**
Available for sale investments	**2,633**	**–**	**–**	**2,633**
Other financial assets	**–**	**–**	**18,519**	**18,519**
	2,633	**27,839**	**18,519**	**48,991**
Financial liabilities				
Derivative liabilities	**–**	**186,734**	**–**	**186,734**
	–	**186,734**	**–**	**186,734**

As at 27 June 2010

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

38. Segment reporting

(A) DESCRIPTION OF SEGMENTS

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

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

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

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

(B) RESULTS BY OPERATING SEGMENT

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the year ended 26 June 2011 is as follows:

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
26 June 2011						
Australian Regional Media	521,309	(2,145)	**519,164**	149,492	(6,444)	**143,048**
Metropolitan Media	874,464	(1,159)	**873,305**	83,319	(12,663)	**70,656**
Specialist Media	274,888	(80)	**274,808**	55,017	(4,268)	**50,749**
New Zealand Media	361,405	(901)	**360,504**	67,615	(9,085)	**58,530**
Printing Operations	539,332	(456,164)	**83,168**	103,504	(62,161)	**41,343**
Online	234,299	(109)	**234,190**	118,315	(16,329)	**101,986**
Broadcasting	111,723	–	**111,723**	26,835	(2,668)	**24,167**
Other	12,041	–	**12,041**	3,347	(733)	**2,614**
Consolidated entity	2,929,461	(460,558)	**2,468,903**	607,444	(114,351)	**493,093**

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

(C) OTHER SEGMENT INFORMATION

(i) Segment revenue

Segment revenue reconciles to total revenue and income as follows:

	26 June 2011 $'000	27 June 2010 $'000
Total segment revenue from external customers	**2,468,903**	2,484,599
Interest income	**10,967**	7,943
Share of net profits of associates and joint ventures	**(3,362)**	(2,226)
Total revenue and income	**2,476,508**	2,490,316

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

The consolidated entity operates predominantly in two geographic segments, Australia and New Zealand. The amount of its revenue from external customers in Australia is $2,011.4 million (2010: $2,010.8 million) and the amount of revenue from external customers in New Zealand is $465.1 million (2010: $479.5 million). Segment revenues are allocated based on the country in which the customer is located.

(ii) EBIT

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

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

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

	26 June 2011 $'000	27 June 2010 $'000
Underlying EBIT	**493,093**	525,433
Interest income	**10,967**	7,943
Finance costs	**(119,009)**	(135,911)
Impairment of mastheads, goodwill and customer relationships	**(649,869)**	–
Impairment of property, plant and equipment	**(4,038)**	–
Restructuring and redundancy charges	**(34,222)**	–
Net (loss)/profit before tax	**(303,078)**	397,465

Information provided to the Board of Directors, CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the consolidated financial statements.

A summary of non-recurring items by operating segments is provided for the period ended 26 June 2011. There were no non-recurring items included in EBIT in the previous period.

	Impairment of mastheads, goodwill and customer relationships $'000	Impairment of property, plant and equipment $'000	Restructuring and redundancy charges $'000	Total $'000
26 June 2011				
Australian Regional Media	30,500	–	1,674	32,174
Metropolitan Media	453,395	–	17,963	471,358
Specialist Media	11,341	–	1,020	12,361
New Zealand Media	77,306	4,038	7,136	88,480
Printing Operations	6,588	–	3,623	10,211
Online	–	–	–	–
Broadcasting	65,000	–	–	65,000
Other	5,739	–	2,806	8,545
Consolidated entity	649,869	4,038	34,222	688,129

(iii) Segment assets

The total of non-current assets other than financial instruments, deferred tax assets and employment benefit assets (there are no rights arising under insurance contracts) located in Australia is $5,125.8 million (2010: $6,079.0 million) and the total of these non-current assets located in New Zealand is $894.9 million (2010: $693.2 million). Segment assets are allocated to countries based on where the assets are located.

39. Parent entity information

The following disclosures relate to Fairfax Media Limited as an individual entity, being the ultimate parent entity of the Fairfax Media group.

	26 June 2011 $'000	27 June 2010 $'000
Financial position of parent entity		
Current assets	**1,457,808**	1,675,897
Total assets	**4,456,159**	5,011,984
Current liabilities	**17,587**	20,841
Total liabilities	**17,877**	21,063
Total equity of parent entity		
Contributed equity	**4,646,248**	4,948,792
General reserve	**(722)**	–
Share-based payment reserve	**6,971**	5,099
Retained (losses)/profits	**(214,216)**	37,030
Total equity	**4,438,281**	4,990,921
Result of parent entity		
(Loss)/profit for the period	**(183,040)**	(722)
Other comprehensive income	**–**	–
Total comprehensive income for the period	**(183,040)**	(722)

Fairfax Media Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries within the Closed Group. Further details regarding the deed are set out in Note 29.

Operating lease commitments – parent entity as lessee

Fairfax Media Limited has entered into commercial leases on office premises.

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

	26 June 2011 $'000	27 June 2010 $'000
Within one year	**157**	74
Later than one year and not later than five years	**243**	–
Later than five years	**–**	–
Total operating lease commitments	**400**	74

40. Events subsequent to balance sheet date

On 27 June 2011 the medium term notes were repaid in full for $167.7 million.

Subsequent to year end, the Group announced it had commenced preparation for an Initial Public Offering (IPO) of Trade Me Limited (Trade Me), a New Zealand subsidiary. The Group intends to sell between 30% to 35% of Trade Me through the IPO, with Trade Me being listed on the New Zealand Exchange. The timing of the IPO has not been finalised and will depend on appropriate market conditions.

DIRECTORS' DECLARATION

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 26 JUNE, 2011

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

1. In the opinion of the Directors:

   (a) the financial report and the additional disclosures included in the Directors' Report designated as audited are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of its financial position as at 26 June 2011 and of its performance for the period ended on that date, and

      (ii) complying with Accounting Standards and Corporations Regulations 2001

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

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

   (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 29 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

2. This declaration has been made after receiving the declaration required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for financial period ended 26 June 2011.

On behalf of the Board

Roger Corbett, AO
Chairman

Greg Hywood
Chief Executive Officer and Managing Director

16 September 2011

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

Report on the financial report

We have audited the accompanying financial report of Fairfax Media Limited, which comprises the balance sheet as at 26 June 2011, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FAIRFAX MEDIA LIMITED

ERNST & YOUNG

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 26 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 17 to 27 of the directors' report for the year ended 26 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Fairfax Media Limited for the year ended 26 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Christopher George
Partner
Sydney
16 September 2011

TWENTY LARGEST HOLDERS OF SECURITIES AT 22 AUGUST 2011

	Number of securities	%
ORDINARY SHARES (FXJ)		
National Nominees Limited	443,052,990	18.84%
JP Morgan Nominees Australia Limited	349,836,883	14.87%
HSBC Custody Nominees (Australia) Limited	305,943,037	13.01%
Marinya Media Pty Ltd	227,650,358	9.68%
Citicorp Nominees Pty Limited	166,068,863	7.06%
Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	123,241,291	5.24%
Timeview Enterprises Pty Ltd	91,424,185	3.89%
Cogent Nominees Pty Limited	80,116,562	3.41%
RBC Dexia Investor Services Australia Nominees Pty Limited	24,302,008	1.03%
Hanrine Investments Pty Ltd	24,073,540	1.02%
Tasman Asset Management Ltd <TYNDALL AUSTRALIAN SHARE WHOLESALE PORTFOLIO A/C>	20,707,867	0.88%
Queensland Investment Corporation	20,564,158	0.87%
Argo Investments Limited	15,779,138	0.67%
JP Morgan Nominees Australia Limited <CASH INCOME A/C>	15,750,978	0.67%
Pacific Custodians Pty Limited <EXECUTIVE ESP TST A/C>	12,170,284	0.52%
Citicorp Nominees Pty Limited <CFSIL CWLTH AUST SHS 18 A/C>	11,061,790	0.47%
Citicorp Nominees Pty Limited <CFSIL CFS WS AUST SHRE A/C>	10,487,839	0.45%
AMP Life Limited	8,114,427	0.35%
Citicorp Nominees Pty Limited <CWLTH BANK OFF SUPER A/C>	8,062,318	0.34%
Cambooya Pty Limited	7,718,863	0.33%
	1,966,127,379	83.60%

DEBENTURES		
National Financial Services Corp.	281	100

OPTIONS

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

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company as at 22 August 2011 are:

	Ordinary shares
Marinya Media Pty Ltd	232,512,219
National Australia Bank Limited Group	146,780,715
Commonwealth Bank of Australia	186,221,004
Maple-Brown Abbott Limited	136,691,699
AXA Group	166,269,107
Orbis Investment Management (Australia) Pty Limited	119,329,292

DISTRIBUTION OF HOLDINGS AT 22 AUGUST 2011

No. of securities	No. of ordinary shareholders	No. of debenture holders
1 – 1,000	9,655	1
1,001 – 5,000	16,013	–
5,001 – 10,000	5,670	–
10,001 – 100,000	5,496	–
100,001 and over	345	–
Total number of holders	37,179	1
Number of holders holding less than a marketable parcel	6,766	–

VOTING RIGHTS

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

FIVE YEAR PERFORMANCE SUMMARY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES

		2011	2010	2009	2008	2007
Income Statement						
Total revenue	$m	**2,476.5**	2,490.3	2,609.5	2,934.0	2,178.5
Revenues from operations	$m	**2,463.4**	2,476.8	2,599.1	2,900.9	2,111.4
Earnings/(loss) before depreciation, interest and tax (EBITDA)	$m	**(80.7)**	639.1	(59.0)	818.3	560.7
Depreciation	$m	**114.4**	113.6	117.6	108.3	111.3
Earnings/(loss) before interest and tax	$m	**(195.0)**	525.4	(176.6)	710.0	449.4
Net interest expense	$m	**108.0**	128.0	174.9	186.9	111.2
Profit/(loss) before tax	$m	**(303.1)**	397.5	(351.4)	523.2	338.2
Income tax expense	$m	**86.6**	115.1	29.7	135.7	76.6
Net profit/(loss) attributable to members of the Company	$m	**(390.9)**	282.1	(380.1)	386.9	263.5
Net profit before significant items	$m	**283.8**	290.5	242.4	395.3	267.8
Balance Sheet						
Total equity	$m	**4,438.7**	5,306.7	5,011.8	4,965.3	4,961.0
Total assets	$m	**6,700.6**	7,394.1	7,487.6	8,293.1	8,000.5
Total borrowings	$m	**1,532.0**	1,478.5	1,908.3	2,511.9	2,347.7
Statistical Analysis						
Number of shares and debentures	m	**2,352.0**	2,352.0	2,352.0	1,513.5	1,479.6
Number of shareholders		**37,974**	43,231	49,050	50,184	50,843
Number of SPS holders		**–**	1,516	1,388	1,010	733
EBITDA to operating revenue	%	**(3.3)**	25.8	(2.3)	28.2	26.6
EBIT to operating revenue	%	**(7.9)**	21.2	(6.8)	24.5	21.3
Basic earnings/(loss) per share	cents	**(17.0)**	11.5	(21.6)	22.9	22.7
Basic earnings per share before significant items	cents	**11.6**	11.8	12.4	23.4	23.2
Operating cash flow per share	cents	**18.3**	19.1	16.4	27.7	24.7
Dividend per share	cents	**3.0**	2.5	2.0	20.0	20.0
Dividend payout ratio	%	**–**	21.7	–	87.3	88.1
Interest cover based on EBITDA before significant items	times	**5.6**	5.0	3.5	4.4	5.3
Gearing	%	**34.5**	27.9	38.1	50.6	47.3
Return on equity	%	**6.4**	5.5	4.8	8.0	5.4
Market price per share	$	**0.98**	1.36	1.23	2.69	4.36
Market capitalisation	$m	**2,304.9**	3,198.7	2,892.9	4,071.4	6,451.2
Number of full-time employees		**8,806**	8,778	8,979	9,800	9,474
Number of part-time and casual employees		**1,825**	1,801	1,828	2,106	1,942

DIRECTORY

FAIRFAX MEDIA LIMITED

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10.30am on Thursday 10 November 2011 at the Four Seasons Hotel, 199 George Street, Sydney NSW.

FINANCIAL CALENDAR 2012

Interim result	February 2012
Preliminary final result	August 2012
Annual General Meeting	November 2012

COMPANY SECRETARY

Gail Hambly

REGISTERED OFFICE

Level 5,
1 Darling Island Road,
Pyrmont NSW 2009
Ph: +61 2 9282 2833
Fax: +61 2 9282 1633

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: 1300 888 062 (toll free within Australia)
Ph: +61 2 8280 7670
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Securities Exchange as FXJ. The Stapled Preference Securities that were previously listed on the ASX as FXJPB were repurchased by the Company on 29 April 2011.

WEBSITE

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

HOW TO OBTAIN THE FAIRFAX ANNUAL REPORT

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

CONSOLIDATION OF SHAREHOLDINGS

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

DIRECT PAYMENT TO SHAREHOLDERS' ACCOUNTS

The Company pays dividends by direct credit to shareholders' bank accounts. The Company no longer issues cheques except in exceptional circumstances. A direct credit form can be obtained from the Share Registry.

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

PUBLICATIONS, WEBSITES AND MOBILE DEVICE APPLICATIONS

Metropolitan Publishing

The Age
The Sunday Age
The Sun Herald
The Sydney Morning Herald

Fairfax Magazines

Good Weekend
Sunday Life
Television
the(melbourne)magazine
the(sydney)magazine

Metropolitan Websites

Automotive
www.countrycars.com.au
www.drive.com.au

Business and Finance
www.businessday.com.au
www.investsmart.com.au
www.moneymanager.com.au
www.mysmallbusiness.com.au
www.tradingroom.com.au

Dating
www.rsvp.com.au

Employment
www.mycareer.com.au
www.jobs.com.au

Lifestyle and Entertainment
www.brisbanetimes.com.au/entertainment
www.brisbanetimes.com.au/lifestyle
www.cuisine.com.au
www.essentialbaby.com.au
www.findababysitter.com.au
www.smh.com.au/entertainment
www.smh.com.au/lifestyle
www.theage.com.au/entertainment
www.theage.com.au/lifestyle
www.thevine.com.au
www.watoday.com.au/entertainment
www.watoday.com.au/lifestyle

News
www.brisbanetimes.com.au
www.canberratimes.com.au
www.nationaltimes.com.au
www.smh.com.au
www.theage.com.au
www.watoday.com.au

Property
www.apm.com.au
www.commercialrealestate.com.au
www.desktop.com.au
www.domain.com.au

Sport
www.brisbanetimes.com.au/sport
www.leaguehq.com.au
www.realfooty.com.au
www.rugbyheaven.com.au
www.smh.com.au/sport
www.theage.com.au/sport
www.watoday.com.au/sport

Travel/Accommodation
www.rentahome.com.au
www.stayz.com.au
www.takeabreak.com.au
www.traveller.com.au

Technology
www.brisbanetimes.com.au/technology
www.smh.com.au/digital-life
www.smh.com.au/technology
www.theage.com.au/technology
www.watoday.com.au/technology

Video
www.brisbanetimes.tv
www.smh.tv
www.theage.tv
www.watoday.tv

Weather
m.wz.com.au
www.marineweather.com.au
www.meteorology.com.au
www.sydneyweather.com
www.weathercalendar.com.au
www.weathertracker.com.au
www.weatherzone.co.nz
www.weatherzone.com.au

NSW Community

Monthly Magazines
Cronulla Magazine
Georges River Magazine
Engadine-Menai Magazine
PS Magazine
Review Magazine

Quarterly Magazines
Blue Mountains Wonderland Magazine
My Family Magazine

Publications
Auburn Review
Bankstown-Canterbury Torch
Blacktown City Sun
Blue Mountains Gazette
Camden Advertiser
Cooks River Valley Times
Fairfield City Champion
Hawkesbury Chronicle
Hawkesbury Gazette
Hills News
Holroyd Sun
Liverpool City Champion
Parramatta Sun
Penrith City Star
Rouse Hill-Stanhope Gardens News
South West Advertiser
St George & Sutherland Shire Leader
St Mary's-Mt Druitt Star
The Campbelltown Macarthur Advertiser
Wollondilly Advertiser

Websites
www.blacktownsun.com.au
www.bluemountainsgazette.com.au
www.camdenadvertiser.com.au
www.fairfieldchampion.com.au
www.hawkesburygazette.com.au
www.hillsnews.com.au
www.liverpoolchampion.com.au
www.macarthuradvertiser.com.au

VIC Community

Publications
Banyule & Nillumbik Weekly
Brimbank Weekly/North West Weekly
Casey Weekly – Berwick/Casey Weekly – Pakenham
Casey Weekly – Cranbourne
City Weekly
Frankston Weekly
Greater Dandenong Weekly
Holiday Magazine
Hume Weekly
Knox Weekly
Macedon Ranges Weekly/Sunbury Weekly
Maribyrnong Weekly/Hobsons Bay Weekly/Hobsons Bay Weekly – Williamstown
Maroondah Weekly/Yarra Ranges Weekly
Melbourne Times Weekly
Melbourne Weekly
Melbourne Weekly – Port Phillip
Melbourne Weekly Bayside
Melbourne Weekly Eastern
Melton Weekly/Moorabool Weekly
Monash Weekly
Moonee Valley Weekly
Northern Weekly
Peninsula Weekly/Westernport Weekly
Wyndham Weekly/Point Cook Weekly

Websites
www.berwickjournal.com.au
www.chelseaindependent.com.au
www.cranbournejournal.com.au
www.frankstonindependent.com.au
www.humeweekly.com.au
www.knoxjournal.com.au
www.macedonrangestelegraph.com.au
www.maroondahjournal.com.au
www.meltonexpress.com.au
www.monashjournal.com.au
www.morningtonpeninsulamail.com.au
www.mymooneevalley.com.au
www.parramattasun.com.au
www.penrithstar.com.au
www.southwestruraladvertiser.com.au
www.stmarysstar.com.au
www.the-advocate.com.au
www.thebanner.com.au
www.thejournal.com.au
www.theleader.com.au
www.themail.com.au
www.thenorthernnews.com.au
www.wollondillyadvertiser.com.au

PUBLICATIONS, WEBSITES AND MOBILE DEVICE APPLICATIONS

Regional Media

Regional Publishing (NSW)
Bay Post
Bega District News
Blayney Chronicle
Bombala Times
Boorowa News
Braidwood Times
Camden Haven Courier
Canowindra News
Central Western Daily
Cobar Age
Coffs Harbour Independent
Cooma-Monaro Express
Cootamundra Herald
Cowra Guardian
Crookwell Gazette
Daily Liberal
Dungog Chronicle
Eastern Riverina Chronicle
Forbes Advocate
Glen Innes Examiner
Gloucester Advocate
Goulburn Post
Great Lakes Advocate
Guardian News
Harden Murrumburrah Express
Hawkesbury Gazette
Hunter Valley News
Illawarra Mercury
Kiama Independent/Lake Times
Lithgow Mercury
Magnet
Manning River Times
Merimbula News Weekly
Milton Ulladulla Times
Moree Champion
Mudgee Guardian
Muswellbrook Chronicle
Myall Coast Nota
Narooma News
Narromine News
Newcastle Herald
Nyngan Observer
Oberon Review
Parkes Champion–Post
Port Macquarie News
Port Stephens Examiner
South Coast Register
Southern Highland News
Southern Weekly
Summit Sun
Tenterfield Star
The Advertiser (Cessnock)
The Armidale Express
The Bellingen Shire Courier Sun
The Grenfell Record
The Guyra Argus
The Inverell Times
The Macleay Argus
The Maitland Mercury
The Northern Daily Leader
The Ridge News
The Scone Advocate
The Singleton Argus
The Star
The Young Witness
Town & Country Magazine
Walcha News
Warren Advocate
Wauchope Gazette
Wellington Times
Western Advocate
Western Magazine
Wingham Chronicle
Yass Tribune

Regional Publishing Victoria
The Advertiser (Bendigo)
The Advocate (Hepburn)
The Ararat Advertiser
The Border Mail
The Courier
The Standard
The Stawell Times-News
The Wimmera Mail-Times

Regional Publishing QLD/NT
Bayside Bulletin/Redland Times
Goondiwindi Argus
Katherine Times
The North West Star

Regional Publishing TAS
Coastal Times
Devonport Times
East Coast News
Island of Contrast
Launceston Times
Meander Valley News
Northern Midlands News
Tamar Community Times
The Advocate (Burnie)
The Examiner
Western Herald

Regional Publishing SA
Barossa & Light Herald
Border Chronicle
Coastal Leader
Eyre Peninsula Tribune
Naracoorte Herald
Northern Argus
Port Lincoln Times
Roxby Downs Sun
The Flinders News
The Islander
The Murray Valley Standard
The Recorder
The Times
The Transcontinental
West Coast Sentinel
Whyalla News

Regional Publishing WA
Augusta-Margaret River Mail
Bunbury Mail
Busselton-Dunsborough Mail
Central Midlands & Coastal Advocate
Collie Mail
Donnybrook-Bridgetown Mail
Mandurah Mail
Merredin-Wheatbelt Mercury
Sun City News
The Avon Valley Advocate
The Esperance Express
The Wagin Argus

Canberra/Illawarra/Newcastle/ Senior Publications

ACT
Public Sector Informant
The Queanbeyan Age
Sunday Canberra Times
The Canberra Times
The Chronicle

Illawarra
Illawarra Mercury
Kiama Advertiser
Shellharbour Advertiser
Wollongong Advertiser

Newcastle
News of the Area
The Newcastle Herald
The Lakes Mail
Port Stephens Examiner
The Newcastle and Lake Macquarie Star

Senior Publications
Australian Senior
Queensland Senior
Senior Traveller
South Australia Senior
Tasmanian Senior
Victorian Senior
West Australian Senior

Fairfax Digital Regional Network

www.araratadvertiser.com.au
www.areanews.com.au
www.armidaleexpress.com.au
www.avonadvocate.com.au
www.barossaherald.com.au
www.batemansbaypost.com.au
www.baysidebulletin.com.au
www.begadistrictnews.com.au
www.bellingencourier.com.au
www.bendigoadvertiser.com.au
www.blayneychronicle.com.au
www.bombalatimes.com.au
www.boorowanewsonline.com.au
www.bordermail.com.au
www.borderchronicle.com.au
www.braidwoodtimes.com.au
www.bunburymail.com.au
www.busseltonmail.com.au
www.camdencourier.com.au
www.canberratimes.com.au
www.canowindranews.com.au
www.capitalnews.com.au/custom.asp
www.centraladvocate.com.au
www.centralwesterndaily.com.au
www.cessnockadvertiser.com.au
www.coastingmagazine.com.au
www.cobarage.com.au
www.coffscoastindependent.com.au
www.colliemail.com.au
www.colypointobserver.com.au

PUBLICATIONS, WEBSITES AND MOBILE DEVICE APPLICATIONS

www.coomaexpress.com.au
www.cootamundraherald.com.au
www.cowraguardian.com.au
www.crookwellgazette.com.au
www.dailyadvertiser.com.au
www.dailyliberal.com.au
www.devonporttimes.com.au
www.donnybrookmail.com.au
www.dungogchronicle.com.au
www.easternriverinachronicle.com.au
www.eastvicmedia.com.au
www.edenmagnet.com.au
www.esperanceexpress.com.au
www.euroa-gazette.com.au
www.examiner.com.au
www.eyretribune.com.au
www.forbesadvocate.com.au
www.gippslandtimes.com.au
www.gleninnesexaminer.com.au
www.gloucesteradvocate.com.au
www.goondiwindiargus.com.au
www.goulburnpost.com.au
www.greatlakesadvocate.com.au
www.grenfellrecord.com.au
www.guyraargus.com.au
www.hardenexpress.com.au
www.hawkesburygazette.com.au
www.hepburnadvocate.com.au
www.huntervalleynews.yourguide.com.au
www.illawarramercury.com.au
www.independentweekly.com.au
www.inverelltimes.com.au
www.irrigator.com.au
www.juneesoutherncross.com.au
www.katherinetimes.com.au
www.lakesmail.com.au
www.latrobevalleyexpress.com.au
www.launcestontimes.com.au
www.lithgowmercury.com.au
www.macleayargus.com.au
www.mailtimes.com.au
www.maitlandmercury.com.au
www.mandurahmail.com.au
www.manningrivertimes.com.au
www.margaretrivermail.com.au
www.meandervalleynews.com.au
www.merimbulanewsonline.com.au
www.merredinmercury.com.au
www.moreechampion.com.au
www.moynegazette.com.au
www.mudgeeguardian.com.au
www.murrayvalleystandard.com.au
www.muswellbrookchronicle.com.au
www.myallcoastnota.com.au
www.nambuccaguardian.com.au
www.naracoorteherald.com.au
www.naroomanewsonline.com.au
www.narrominenewsonline.com.au
www.newcastlestar.com.au
www.northernargus.com.au
www.northerndailyleader.com.au
www.northernmidlandsnews.com.au
www.northweststar.com.au
www.nynganobserver.com.au
www.oberonreview.com.au
www.parkeschampionpost.com.au
www.portlincolntimes.com.au
www.portnews.com.au
www.portpirierecorder.com.au
www.portstephensexaminer.com.au
www.queanbeyanage.com.au
www.riverinaleader.com.au
www.roxbydownssun.com.au
www.sconeadvocate.com.au
www.sheppartonadviser.com.au
www.singletonargus.com.au
www.southcoastregister.com.au
www.southernhighlandnews.com.au
www.southernweekly.com.au
www.standard.net.au
www.stawelltimes.com.au
www.summitsun.com.au
www.suncitynews.com.au
www.taseastcoastnews.com.au
www.tastamartimes.com.au
www.tenterfieldstar.com.au
www.theadvocate.com.au
www.thecourier.com.au
www.theflindersnews.com.au
www.theherald.com.au
www.theislanderonline.com.au
www.theridgenews.com.au
www.therural.com.au
www.transcontinental.com.au
www.ulladullatimes.com.au
www.victorharbortimes.com.au
www.waginargus.com.au
www.walchanewsonline.com.au
www.warrenadvocate.com.au
www.wauchopegazette.com.au
www.wellingtontimes.com.au
www.westcoastsentinel.com.au
www.westernadvocate.com.au
www.westernherald.com.au
www.westernmagazine.com.au
www.whyallanewsonline.com.au
www.winghamchronicle.com.au
www.yasstribune.com.au
www.youngwitness.com.au

Rural Press
www.businessquickfind.com.au
www.buyersguide.com.au
www.holidaysaway.net
www.ruralpresssales.com.au
www.yourguide.com.au

Financial Review Group

Australia Publications
AFR BOSS
AFR Smart Investor
Asset
The Australian Financial Review
The Australian Financial Review Magazine
The Australian Financial Review
– Weekend Edition
BRW
CFO
Life & Leisure The Sophisticated Traveller
Life & Leisure Luxury
MIS Australia

Asia Publications
CIO Asia
Computerworld Singapore
Computerworld Malaysia
MIS Asia
MIS Asia 100
Strategic 100

Online
www.afr.com
www.afrboss.com
www.afrmagazine.com
www.afrmarketwrap.com
www.afrsmartinvestor.com.au
www.assetmag.com.au
www.brw.com.au
www.cfoweb.com.au
www.misaustralia.com

Data
AssetLink
Fairfax Business Research
MarketBase

Asia On-line
www.mis-asia.com
www.cio-asia.com
www.computerworld.com.sg
www.computerworld.com.my

Agricultural Publications

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

Field Days and Events – Australia
Commonwealth Bank Ag-Quip
Elders FarmFest
Farming Small Areas Expo
Murrumbidgee Farm Fair
Northern and Southern Beef Weeks
NSW Beef Spectacular
Star Maker Quest
Tamworth Country Music Festival

Field Days – New Zealand
Central District Field Days

PUBLICATIONS, WEBSITES AND MOBILE DEVICE APPLICATIONS

Farm Shows – USA
Farm Progress Show
Hay Expo
Husker Harvest Days
New York Farm Show

New Zealand Agricultural Publishing
Ag Trader
Lifestyle Farmer
Straight Furrow
The Dairyman

Agricultural Websites

Farmonline
fw.farmonline.com.au
nqr.farmonline.com.au
qcl.farmonline.com.au
sj.farmonline.com.au
sl.farmonline.com.au
theland.farmonline.com.au
www.australianfarmjournal.com.au
www.australianhorticulture.com.au
www.farmonline.com.au/farmmags/alfalotfeeding/index.aspx
www.farmonline.com.au/farmmags/australiancottonoutlook/index.aspx
www.farmonline.com.au/farmmags/australiandairyfarmer/index.aspx
www.farmonline.com.au/farmmags/australianlandcare/index.aspx
www.farmonline.com.au/horticulture
www.farmonline.com.au/horticulture/australasianflowers/index.aspx
www.farmonline.com.au/horticulture/goodfruitvegetables/index.aspx
www.farmonline.com.au/horticulture/irrigationandwaterresources/index.aspx
www.grapegrowers.com.au
www.horticultureonline.com.au
www.qldsmartfarmer.com.au
www.turfcraft.com.au

New South Wales
Farm Equipment Trader
Farming Small Areas
NSW Ag Today
The Land

Queensland
North Queensland Register
Queensland Country Life
Queensland Grains Outlook
Queensland Smart Farmer

South Australia
Smart Farmer
Stock Journal
The Grower

Victoria
Stock and Land

Western Australia
Farm Weekly
Ripe

USA Agricultural Publications
American Agriculturist
Californian Farmer
Carolina-Virginia Farmer
Dakota Farmer
Direct-fed Microbila, Enzyme + Forage Additive Compendium
Farm Futures
Feed Additive Compendium Annual
Feedstuffs
Feedstuffs Reference Issue
Indiana Prairie Farmer
Kansas Farmer
Michigan Farmer
Mid-South Farmer
Missouri Ruralist
Nebraska Farmer
Ohio Farmer
Prairie Farmer
Southern Farmer
Tack 'n' Togs
The Farmer
The Farmer-Stockman
Wallaces Farmer (Iowa)
Western Farmer-Stockman
Wisconsin Agriculturist

Agricultural
www.agquip.com.au
www.farmonline.com.au
www.horsedeals.com.au
www.ruralbookshop.com.au
www.ruralpropertyguide.com.au

USA
www.farmfutures.com
www.farmprogress.com
www.feedstuffs.com
www.tackntogs.com

Radio

Metropolitan Music
Magic 1278 Melbourne
4BH Brisbane
96fm Perth

Metropolitan News Talk
2UE Sydney
3AW Melbourne
4BC Brisbane
6PR Perth

Narrowcast
KIX AM/FM Bundaberg
the Clare Valley
the Coalfields
Emerald
Gladstone
Hervey Bay
Mackay
Maryborough
Port Lincoln
Riverland
Rockhampton
Spencer Gulf
Townsville

Regional
4BU & Hitz FM Bundaberg
5RM & Magic FM the Riverland
5CC & Magic FM Port Lincoln
5AU/5CS & Magic FM Spencer Gulf

New Zealand Metropolitan Newspapers

The Dominion Post
The Christchurch Press
Waikato Times

New Zealand National Newspapers

Sunday Star –Times
Sunday News

New Zealand Regional Newspapers

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

New Zealand Community Newspapers

Auckland & Northland Community Newspapers
Auckland City Harbour News
Central Leader
Dargaville & Districts News
East & Bays Courier
Eastern Courier
Manukau Courier
North Harbour News
North Shore Times
Northern News
Nor-West News
Papakura Courier
Rodney Times
The Bay Chronicle
Waiheke MarketPlace
Western Leader
Whangarei Leader

Waikato/Bay of Plenty/Hawke's Bay Community Newspapers
Cambridge Edition
Franklin County News
Hamilton Press
Hauraki Herald
HB Country Scene
Matamata Chronicle
North Waikato News
Piako Post
Rotorua Review
Ruapehu Press
South Waikato News
Taupo Times
The Hastings Mail
The Napier Mail
Urban & Country

PUBLICATIONS, WEBSITES AND MOBILE DEVICE APPLICATIONS

Taranaki/Manawatu Community Newspapers
Central District Times
Central Districts Farmer
Feilding Herald
North Taranaki Midweek
Rangitikei Mail
South Taranaki Star
The Tribune

Wellington Community Newspapers
Horowhenua Mail
Kapi-Mana News
Kapiti Observer
The Hutt News
The Wellingtonian
Upper Hutt Leader
Wairarapa News
The New Zealander (International)

South Island Community Newspapers
Central Canterbury News
Clutha Leader
Discover Marlborough/Nelson
D-Scene
High Country Herald
Kaikoura Star
Mid Canterbury Herald
Motueka-Golden Bay News
Newslink
Otago Southland Farmer
South Canterbury Herald
Taieri Herald
The Christchurch Mail
The Invercargill Eye
The Leader – Nelson Leader
The Leader – Richmond & Waimea Leader
The Marlborough Midweek
The Mirror
The Northern Outlook
The Saturday Express
Waitaki Herald

New Zealand Magazines

Avenues
Boating New Zealand
CIO
Computerworld
Cuisine
Fish & Game New Zealand
MIS100
New Zealand Fishing News
New Zealand Gardener
New Zealand Horse & Pony
New Zealand Trucking
NZ Autocar
NZ Gear Guide
NZ House & Garden
NZ Life & Leisure
NZ Lifestyle Block
NZ PCWorld
Ponies
Resellernews
Sunday (host Sunday Star–Times)
The Cut
The TV Guide
Unlimited
World
Your Weekend

New Zealand Websites

www.agtrader.co.nz
www.aucklandcityharbournews.co.nz
www.aucklandnow.co.nz
www.baychronicle.co.nz
www.businessday.co.nz
www.centralleader.co.nz
www.cio.co.nz
www.computerworld.co.nz
www.cuisine.co.nz
www.dargavillenews.co.nz
www.dompost.co.nz
www.eastandbayscourier.co.nz
www.easterncourier.co.nz
www.jobuniverse.co.nz
www.lifestyle-farmer.co.nz
www.manawatustandard.co.nz
www.manukaucourier.co.nz
www.marlexpress.co.nz
www.nelsonmail.co.nz
www.northernnews.co.nz
www.northharbournews.co.nz
www.northshoretimes.co.nz
www.nor-westnews.co.nz
www.nzfishingnews.co.nz
www.nzgardener.co.nz
www.nzhouseandgarden.co.nz
www.nzlifeandlesuire.co.nz
www.nzx.com
www.papakuracourier.co.nz
www.pcworld.co.nz
www.press.co.nz
www.reseller.co.nz
www.rodneytimes.co.nz
www.rugbyheaven.co.nz
www.southlandtimes.co.nz
www.sstlive.co.nz
www.straightfurrow.co.nz
www.stuff.co.nz
www.sundaynews.co.nz
www.taranakidailynews.co.nz
www.timaruherald.co.nz
www.unlimited.co.nz
www.waihekemarketplace.co.nz
www.waikatotimes.co.nz
www.westernleader.co.nz
www.whangareileader.co.nz

TradeMe

Automotive
www.trademe.co.nz/trade-me-motors

Auctions
www.trademe.co.nz
www.safetrader.co.nz

Dating
www.findsomeone.co.nz

Employment
www.trademe.co.nz/trade-me-jobs

Property
www.trademe.co.nz/trade-me-property

Social Networking
www.oldfriends.co.nz
www.treatme.co.nz

Travel
www.travelbug.co.nz

Mobile Devices

Brisbane Times – iPhone
City2Surf – iPhone
Domain.com.au – Android, iPhone,WP7
iPad
Drive.com.au – iPhone, Samsung Bada
Good Wine Guide 2011 – iPhone
MyCareer.com.au – Android, iPhone, Samsung Bada, WP7
RSVP Dating – iPhone
SMH – iPhone
The SMH for iPad – iPad
SMH Everyday Eats 2011 – iPhone
SMH Good Cafe Guide 2011 – iPhone
SMH Good Food Guide 2011 – iPhone
SMH Good Food Shopping Guide 2011 – iPhone
SMH Good Pub Food Guide 2011 – iPhone
The Age – iPhone
The Age Cheap Eats 2011 – iPhone
The Age for iPad – iPad
The Age Good Food Guide 2011 – iPhone
The Age Newspaper – iPhone
AGE Good Cafe Guide 2011 – iPhone
AGE Good Food Shopping Guide 2011 – iPhone
WA Today – iPhone
Weekly Guide to Pregnancy from Essential Baby – iPhone

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