Fairfax Media Limited

ACN 008 663 161

Appendix 4E
Preliminary Final Report

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Preliminary Final Report

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

Appendix 4E

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Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

Preliminary Final Report

The following sets out the requirements of Appendix 4E and should be cross referenced to the 2010 Consolidated Preliminary Final Report, which is attached.

Results for Announcement to the Market

Underlying				
Total revenue	down	**4.5%**	to	**$2,482.4m**
Net profit for the period attributable to members	up	**19.8%**	to	**$290.5m**

Reported				
Total revenue	down	4.7%	to	$2,482.4m
Net profit for the period attributable to members	up	174.2%	to	$282.1m

Refer to the attached market release for the period ended 27 June 2010 for management commentary on the results.

	Amount per security	Franked amount per security
27 June 2010		
Interim dividend - ordinary securities	1.1¢	nil
Final dividend - ordinary securities	1.4¢	1.4¢
Record date for determining entitlements to the final dividend	9 September 2010	

NET TANGIBLE ASSETS PER SHARE

	27 June 2010 $	28 June 2009 $
Net tangible asset backing per ordinary share	**(0.27)**	(0.37)
Net asset backing per ordinary share	**2.26**	2.13

Appendix 4E

Preliminary Final Report

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

Underlying Trading Performance

		As reported			Non-recurring adjustments		Underlying trading performance	
		27 June 2010	28 June 2009		27 June 2010	28 June 2009	27 June 2010	28 June 2009
	Note	$'000	$'000	Note	$'000	$'000	$'000	$'000
Total revenue	(i)	2,482,373	2,605,092		-	(5,167)	2,482,373	2,599,925
Associate profits	(ii)	2,226	2,050		-	-	2,226	2,050
Expenses	(iii)	1,845,543	2,666,141	(v)	-	(669,171)	1,845,543	1,996,970
Operating EBITDA		639,056	(58,999)		-	664,004	639,056	605,005
Depreciation & amortisation		113,623	117,556	(v)	-	(316)	113,623	117,240
EBIT		525,433	(176,555)		-	664,320	525,433	487,765
Net interest expense	(iv)	127,968	174,861		-	-	127,968	174,861
Net profit/(loss) before tax		397,465	(351,416)		-	664,320	397,465	312,904
Tax expense		115,088	29,672	(v)	(8,359)	41,883	106,729	71,555
Net profit/(loss) after tax		282,377	(381,088)		8,359	622,437	290,736	241,349
Net profit/(loss) attributable to non-controlling interest		262	(1,038)		-	-	262	(1,038)
Net profit/(loss) attributable to members of the Company		282,115	(380,050)		8,359	622,437	290,474	242,387
SPS dividend (net of tax)		11,780	15,683		-	-	11,780	15,683
Net profit/(loss) after tax and SPS dividend		270,335	(395,733)		8,359	622,437	278,694	226,704
Earnings/(loss) per share		11.5	(21.6)				11.8	12.4

Notes:

(i) Revenue from ordinary activities excluding interest income

(ii) Share of net profits of associates and joint ventures

(iii) Expenses from ordinary activities excluding depreciation and finance costs

(iv) Interest income less finance costs

(v) Significant and non-recurring items

Appendix 4E

Preliminary Final Report

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

Compliance Statement

The following sets out the requirements of Appendix 4E and should be cross referenced to the 2010 Consolidated Preliminary Final Report, which is attached.

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views and other standards acceptable to the ASX.

2 This report and the accounts upon which the report is based use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.

☐ The accounts have been audited.	☐ The accounts have been subject to review.
✔ The accounts are in the process of being audited or subject to review.	☐ The accounts have not yet been audited or reviewed.

5 The entity does have a formally constituted audit committee.

Date: 27 August 2010

Brian McCarthy
Chief Executive Officer and Managing Director

Commentary on Results for the Financial Year

Refer to media release.

Consolidated Income Statements

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Revenue from operations	2(A)	**2,476,775**	2,599,132	**25**	152
Other revenue and income	2(B)	**13,541**	10,390	**40,125**	40,512
Total revenue and income		**2,490,316**	2,609,522	**40,150**	40,664
Share of net profits of associates and joint ventures	11(C)	**2,226**	2,050	**-**	-
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(1,839,107)**	(2,097,050)	**(35,353)**	(85,926)
Depreciation and amortisation	3(B)	**(113,623)**	(117,556)	**(3,439)**	(7,363)
Property, plant and equipment, intangible and investment impairment		**(6,436)**	(569,091)	**-**	(214,000)
Finance costs	3(C)	**(135,911)**	(179,291)	**(2)**	(2)
Net profit/(loss) from operations before income tax expense		**397,465**	(351,416)	**1,356**	(266,627)
Income tax (expense)/benefit	5	**(115,088)**	(29,672)	**(2,078)**	21,452
Net profit/(loss) from operations after income tax expense		**282,377**	(381,088)	**(722)**	(245,175)
Net profit/(loss) is attributable to:					
Non-controlling interest	25	**262**	(1,038)	**-**	-
Owners of the parent		**282,115**	(380,050)	**(722)**	(245,175)
		282,377	(381,088)	**(722)**	(245,175)
Earnings per share (cents per share)					
Basic earnings/(loss) per share (cents per share)	26	**11.5**	(21.6)		
Diluted earnings/(loss) per share (cents per share)	26	**11.0**	(21.6)		

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

Consolidated Statements of Comprehensive Income

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Net profit/(loss) from operations after income tax expense	**282,377**	(381,088)	**(722)**	(245,175)
Other comprehensive income				
Changes in fair value of available for sale financial assets	**2,082**	833	**-**	-
Actuarial loss on defined benefit plans	**(986)**	(7,276)	**-**	-
Changes in fair value of cash flow hedges	**4,522**	(11,495)	**-**	-
Net investment hedges	**(4,272)**	(836)	**-**	-
Exchange differences on translation of foreign operations	**34,356**	27,048	**-**	-
Income tax on items of other comprehensive income	**(1,302)**	7,078	**-**	-
Other comprehensive income for the period, net of tax	**34,400**	15,352	**-**	-
Total comprehensive income for the period	**316,777**	(365,736)	**(722)**	(245,175)
Total comprehensive income is attributable to:				
Non-controlling interest	**262**	(1,038)	**-**	-
Owners of the parent	**316,515**	(364,698)	**(722)**	(245,175)
	316,777	(365,736)	**(722)**	(245,175)

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

Consolidated Balance Sheets

Fairfax Media Limited and Controlled Entities as at 27 June, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
CURRENT ASSETS					
Cash and cash equivalents	36(B)	**117,872**	69,124	**1,680**	1,680
Trade and other receivables	7	**390,375**	358,210	**1,674,217**	1,652,813
Inventories	8	**38,043**	40,055	**-**	-
Derivative assets	15	**-**	173	**-**	-
Assets held for sale	9	**5,257**	6,062	**-**	-
Held to maturity investments	10	**11,591**	-	**-**	-
Income tax receivable		**-**	35,978	**-**	25,829
Total current assets		**563,138**	509,602	**1,675,897**	1,680,322
NON-CURRENT ASSETS					
Receivables	7	**3,020**	2,474	**398,566**	398,566
Investments accounted for using the equity method	11	**43,585**	46,668	**-**	-
Available for sale investments	12	**4,239**	2,157	**-**	-
Held to maturity investments	10	**-**	13,216	**-**	-
Intangible assets	13	**5,942,781**	5,888,547	**2,318**	7,948
Property, plant and equipment	14	**778,621**	863,719	**658**	12,507
Derivative assets	15	**44,352**	152,742	**-**	-
Deferred tax assets	16(A)	**11,774**	7,338	**10,330**	839
Other financial assets	21	**2,575**	1,175	**2,924,215**	2,924,215
Total non-current assets		**6,830,947**	6,978,036	**3,336,087**	3,344,075
Total assets		**7,394,085**	7,487,638	**5,011,984**	5,024,397
CURRENT LIABILITIES					
Payables	17	**276,580**	300,479	**14,843**	14,946
Interest bearing liabilities	18	**269,672**	183,557	**-**	-
Derivative liabilities	15	**12,567**	26,757	**-**	-
Provisions	19	**109,948**	128,692	**3,626**	7,202
Current tax liabilities		**54,849**	2,454	**2,372**	-
Total current liabilities		**723,616**	641,939	**20,841**	22,148
NON-CURRENT LIABILITIES					
Interest bearing liabilities	18	**1,208,789**	1,724,708	**-**	-
Derivative liabilities	15	**85,093**	47,730	**-**	-
Deferred tax liabilities	16(A)	**16,374**	9,026	**-**	-
Provisions	19	**48,006**	49,003	**222**	401
Pension liabilities	20(A)	**4,800**	2,685	**-**	-
Other non-current liabilities		**669**	757	**-**	-
Total non-current liabilities		**1,363,731**	1,833,909	**222**	401
Total liabilities		**2,087,347**	2,475,848	**21,063**	22,549
NET ASSETS		**5,306,738**	5,011,790	**4,990,921**	5,001,848
EQUITY					
Contributed equity	22	**4,942,677**	4,928,122	**4,948,792**	4,934,237
Reserves	23	**(127,128)**	(163,381)	**5,099**	3,987
Retained profits	24	**481,978**	237,604	**37,030**	63,624
Total parent entity interest		**5,297,527**	5,002,345	**4,990,921**	5,001,848
Non-controlling interest	25	**9,211**	9,445	**-**	-
TOTAL EQUITY		**5,306,738**	5,011,790	**4,990,921**	5,001,848

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

Consolidated Cash Flow Statements

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**2,661,927**	2,957,559	**-**	-
Payments to suppliers and employees (inclusive of GST)		**(2,089,172)**	(2,327,923)	**(29,020)**	(77,029)
Interest received		**7,968**	4,673	**40,125**	40,512
Dividends and distributions received		**2,730**	3,411	**-**	-
Finance costs paid		**(126,064)**	(182,962)	**(2)**	(2)
Net income taxes (paid)/received		**(7,770)**	(69,861)	**9,305**	4,180
Net cash inflow/(outflow) from operating activities	36(A)	**449,619**	384,897	**20,408**	(32,339)
Cash flows from investing activities					
Payment for purchase of controlled entities, associates and joint ventures (net of cash acquired)		**(7,447)**	(59,191)	**-**	-
Payment for purchase of businesses, including mastheads		**(1,574)**	(6,738)	**-**	-
Payment for property, plant, equipment and software		**(80,375)**	(106,284)	**(202)**	(409)
Proceeds from sale of property, plant and equipment		**8,845**	16,431	**16**	4
Proceeds from sale of investments and other assets		**6,554**	108,449	**-**	-
Payments for convertible notes		**(1,400)**	(1,100)	**-**	-
Loans advanced to controlled entities		**-**	-	**-**	(400,316)
Loans advanced to other parties		**-**	(17,056)	**-**	-
Loans advanced by controlled entities		**-**	-	**5,696**	-
Loans repaid by other parties		**15,308**	-	**-**	-
Net cash (outflow)/inflow from investing activities		**(60,089)**	(65,489)	**5,510**	(400,721)
Cash flows from financing activities					
Proceeds from issue of shares		**-**	624,640	**-**	624,640
Proceeds from issue of shares to non-controlling shareholders		**-**	80	**-**	-
Share issue costs		**(46)**	(12,131)	**(46)**	(12,131)
Payment for shares acquired by employee share trust		**-**	(12,443)	**-**	(12,443)
Proceeds from borrowings and other financial liabilities		**1,631**	22,511	**-**	-
Repayment of borrowings and other financial liabilities		**(300,076)**	(750,884)	**-**	-
Repayment of medium term notes		**-**	(27,132)	**-**	-
Payments of facility fees		**-**	(1,908)	**-**	-
Dividends and distributions paid to shareholders including SPS *		**(41,770)**	(191,012)	**(25,872)**	(166,006)
Dividends paid to non-controlling interests in subsidiaries		**(372)**	(461)	**-**	-
Net cash (outflow)/inflow from financing activities		**(340,633)**	(348,740)	**(25,918)**	434,060
Net increase/(decrease) in cash and cash equivalents held		**48,897**	(29,332)	**-**	1,000
Cash and cash equivalents at beginning of the financial year		**69,124**	93,864	**1,680**	680
Effect of exchange rate changes on cash and cash equivalents		**(149)**	4,592	**-**	-
Cash and cash equivalents at end of the financial year	36(B)	**117,872**	69,124	**1,680**	1,680

* Total cash dividends for the current year totalled $41.8 million (2009: $191.0 million); this includes $15.9 million (2009: $25.0 million) made to stapled preference shareholders (SPS). In the prior year under the terms of the DRP, $15.7 million of dividends were paid via the issue of 5,558,472 ordinary shares. A cash dividend payment of $166.0 million was made to ordinary shareholders that did not elect to participate in the DRP.

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

Consolidated Statements of Changes in Equity

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
CONSOLIDATED						
Balance at 30 June 2008	4,318,409	(186,063)	821,987	4,954,333	11,001	4,965,334
Loss for the period	-	-	(380,050)	(380,050)	(1,038)	(381,088)
Other comprehensive income	-	20,445	(5,093)	15,352	-	15,352
Total comprehensive income for the period	-	20,445	(385,143)	(364,698)	(1,038)	(365,736)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(206,742)	(206,742)	-	(206,742)
Tax effect of SPS dividend	-	-	7,502	7,502	-	7,502
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(461)	(461)
Shares issued	624,640	-	-	624,640	-	624,640
Shares issued under dividend reinvestment plan	15,731	-	-	15,731	-	15,731
Shares acquired under employee incentive scheme	(12,444)	-	-	(12,444)	-	(12,444)
Transaction costs on share issue	(11,512)	-	-	(11,512)	-	(11,512)
Tax expense recognised directly in equity	(6,702)	-	-	(6,702)	-	(6,702)
Share based payments, net of tax	-	2,237	-	2,237	-	2,237
Disposal of subsidiary with non-controlling interest	-	-	-	-	(287)	(287)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	234	234
Exchange differences	-	-	-	-	(4)	(4)
Balance at 28 June 2009	4,928,122	(163,381)	237,604	5,002,345	9,445	5,011,790
Balance at 29 June 2009	4,928,122	(163,381)	237,604	5,002,345	9,445	5,011,790
Profit for the period	-	-	282,115	282,115	262	282,377
Other comprehensive income	-	35,141	(741)	34,400	-	34,400
Total comprehensive income for the period	-	35,141	281,374	316,515	262	316,777
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(41,770)	(41,770)	-	(41,770)
Tax effect of SPS dividend	-	-	4,770	4,770	-	4,770
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	(496)	(496)
Transaction costs on share issue	(46)	-	-	(46)	-	(46)
Tax benefit/(expense) recognised directly in equity	14,601	(1,196)	-	13,405	-	13,405
Share based payments, net of tax	-	2,308	-	2,308	-	2,308
Balance at 27 June 2010	4,942,677	(127,128)	481,978	5,297,527	9,211	5,306,738

Consolidated Statements of Changes in Equity

Fairfax Media Limited and Controlled Entities for the period ended 27 June, 2010

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
COMPANY						
Balance at 30 June 2008	4,324,524	1,750	490,535	4,816,809	-	4,816,809
Loss for the period	-	-	(245,175)	(245,175)	-	(245,175)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(245,175)	(245,175)	-	(245,175)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(181,736)	(181,736)	-	(181,736)
Shares issued	624,640	-	-	624,640	-	624,640
Shares issued under dividend reinvestment plan	15,731	-	-	15,731	-	15,731
Shares acquired under employee incentive scheme	(12,444)	-	-	(12,444)	-	(12,444)
Transaction costs on share issue	(11,512)	-	-	(11,512)	-	(11,512)
Tax expense recognised directly in equity	(6,702)	-	-	(6,702)	-	(6,702)
Share based payments, net of tax	-	2,237	-	2,237	-	2,237
Balance at 28 June 2009	4,934,237	3,987	63,624	5,001,848	-	5,001,848
Balance at 29 June 2009	4,934,237	3,987	63,624	5,001,848	-	5,001,848
Profit for the period	-	-	(722)	(722)	-	(722)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(722)	(722)	-	(722)
Transactions with owners in their capacity as owners:						
Dividends paid to shareholders	-	-	(25,872)	(25,872)	-	(25,872)
Transaction costs on share issue	(46)	-	-	(46)	-	(46)
Tax benefit/(expense) recognised directly in equity	14,601	(1,196)	-	13,405	-	13,405
Share based payments, net of tax	-	2,308	-	2,308	-	2,308
Balance at 27 June 2010	4,948,792	5,099	37,030	4,990,921	-	4,990,921

The above Consolidated Statements 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 29 June 2009 to 27 June 2010 (2009: the period 30 June 2008 to 28 June 2009). Reference in this report to 'a year' is to the period ended 27 June 2010 or 28 June 2009 respectively, unless otherwise stated.

(A) BASIS OF PREPARATION

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

As at 27 June 2010, the consolidated entity has net current liabilities of $160.5 million. The consolidated entity has sufficient committed but unused facilities 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.

Presentation of financial statements

The revised accounting standard AASB 101 Presentation of Financial Statements which became effective for the annual reporting period commencing on 29 June 2009 resulted in a change in the Group's disclosures. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(B) PRINCIPLES OF CONSOLIDATION

(i) Controlled entities

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

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

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

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

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

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

AASB 3 Business Combinations (revised) was implemented prospectively from 29 June 2009 by the Group. This revised standard continues to apply the acquisition method to business combinations but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as a liability and subsequently remeasured through the income statement. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

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

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

Radio licences

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

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

(ii) Transactions and balances

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

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

(iii) Group entities

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

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

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

On disposal of a foreign entity, or 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).

The Group has changed its accounting policy for dividends paid out of pre-acquisition profits from 29 June 2009 when the revised AASB 127 Consolidated and Separate Financial Statements became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

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.

Taxation of financial arrangements (TOFA)

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions, applicable to the consolidated entity for the reporting period commencing 28 June 2010. The Group has yet to determine whether it will elect to apply the new legislation to all financial transactions existing at 28 June 2010. It would not expect a material impact on the deferred tax balances at 27 June 2010.

(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 in the balance sheet and measured at amortised cost using the effective interest method.

(iii) Other financial assets

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

(iv) Held to maturity investments

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

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

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

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

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

Hedge accounting

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

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Any gain or loss attributable to the hedged risk on remeasurement of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the income statement 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.

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

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

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

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

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

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

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

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

(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. There were no borrowing costs capitalised during either of the past two financial years.

(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 are 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

The new accounting standard AASB 8 Operating Segments which became effective for the annual reporting period commencing on 29 June 2009 resulted in a change in the Group's segment disclosures. Adoption of this standard did not have any effect on the financial position or performance of the Group. The subsequent amendments to AASB 8 have been early adopted by the Group.

AASB 8 Operating Segments requires a 'management approach' under which the segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported Printing and Publishing segment has been disaggregated into the following segments:

- Australian Regional Media
- Metropolitan Media
- Specialist Media
- New Zealand Media
- Printing Operations

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers, being the Board of Directors, Chief Executive Officer and Chief Financial Officer.

Comparatives for prior reporting periods have been restated.

(W) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Key assumptions subject to significant accounting judgement include growth rates, 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 created cash flows based on the annual budget which has been built up from individual profit centres. Anticipated growth rates applied to year two and three cash flows represent blended print and online growth projections determined by management from historical long averages and validated against market consensus on earnings projections to 2012. 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 5.3% 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.

(v) Held to maturity investments

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

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

(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 27 June 2010 reporting periods. The Group and the Company's assessment of the impact of these new standards and interpretations is set out below:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvement Project (AASB 5,8,101,117, 118, 136 & 139)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	1 January 2010	No major impact expected on the Group.	28 June 2010
AASB 2009-8	Group Cash-Settled Share-based payment transactions	The amendments clarify the accounting for group cash settled share based payment transactions. An entity that receives goods or services in a share based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction and no matter whether the transaction is settled in shares or cash.	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	28 June 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	No major impact expected on the Group.	28 June 2010
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]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: - two categories for financial assets being amortised cost or fair value; - removal of the requirement to separate embedded derivatives in financial assets; - strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows; - an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition; - reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; - changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	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 2009-12	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. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	No major impact expected on the Group.	27 June 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	No major impact expected on the Group.	28 June 2010

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

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
2. Revenues				
(A) REVENUE FROM OPERATIONS				
Total revenue from sale of goods	**510,304**	521,319	**25**	152
Total revenue from services	**1,966,471**	2,077,813	**-**	-
Total revenue from operations	**2,476,775**	2,599,132	**25**	152
(B) OTHER REVENUE AND INCOME				
Interest income				
Wholly owned controlled entities	**-**	-	**40,102**	40,270
Other corporations	**7,943**	4,430	**23**	242
Dividend revenue	**12**	36	**-**	-
Gains on sale of property, plant and equipment	**1,217**	757	**-**	-
Other	**4,369**	5,167	**-**	-
Total other revenue and income	**13,541**	10,390	**40,125**	40,512
Total revenue and income	**2,490,316**	2,609,522	**40,150**	40,664

3. Expenses

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS				
Staff costs excluding staff redundancy costs	**842,320**	894,615	**17,493**	26,424
Staff redundancy costs	**5,076**	79,727	**-**	11,631
Newsprint and paper	**249,059**	265,161	**-**	-
Distribution costs *	**136,956**	127,702	**-**	-
Production costs *	**193,824**	242,608	**51**	70
Promotion and advertising costs	**106,626**	115,143	**136**	158
Rent and outgoings	**57,193**	68,115	**-**	3,989
Repairs and maintenance	**29,631**	32,139	**269**	2,051
Communication costs	**23,354**	25,209	**146**	1,931
Maintenance and other computer costs	**26,054**	22,316	**1,270**	7,005
Fringe benefits tax, travel and entertainment	**24,964**	30,030	**687**	1,126
Royalties and copyright payments	**767**	24,826	**-**	123
Professional fees	**31,896**	40,849	**4,389**	10,614
Transaction fees	**11,633**	11,609	**3,508**	3,576
Other	**99,754**	117,001	**7,404**	17,228
Total expenses before impairment, depreciation, amortisation, and finance costs	**1,839,107**	2,097,050	**35,353**	85,926
(B) DEPRECIATION AND AMORTISATION				
Depreciation of freehold property	**4,990**	5,199	**-**	-
Depreciation of plant and equipment	**76,337**	80,227	**409**	2,523
Amortisation of leasehold property/buildings	**2,959**	2,905	**54**	181
Amortisation of software	**26,077**	27,307	**2,976**	4,659
Amortisation of customer relationships	**3,260**	1,918	**-**	-
Total depreciation and amortisation	**113,623**	117,556	**3,439**	7,363
(C) FINANCE COSTS				
Finance costs				
External corporations/persons	**131,133**	174,503	**2**	2
Finance lease	**4,778**	4,788	**-**	-
Total finance costs	**135,911**	179,291	**2**	2
(D) DETAILED EXPENSE DISCLOSURES				
Operating lease rental expense	**37,579**	48,965	**-**	3,199
Defined contribution fund expense	**55,598**	58,222	**1,495**	2,439
Share-based payment expense	**3,297**	2,237	**3,297**	2,237
Net foreign exchange loss	**1,597**	2,152	**-**	-

* Distribution and production costs have been redefined and disclosed separately in the current period. Production costs includes printing, contributors, news services and other minor production expenses. Prior year comparatives have been restated.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
4. Significant and non-recurring items				
The profit after tax from operations includes the following items where disclosure is relevant in explaining the financial performance of the consolidated entity.				
Property - Comprising:				
Onerous lease property costs	**-**	(8,857)	**-**	-
Income tax benefit	**-**	2,657	**-**	-
New Zealand income tax expense *	**(8,359)**	-	**-**	-
Property loss, net of tax	**(8,359)**	(6,200)	**-**	-
Intangible and investment impairments - Comprising:				
Impairment of mastheads, licences, goodwill and investments	**-**	(512,987)	**-**	(214,000)
Loss on sale of Southern Star Group	**-**	(38,721)	**-**	-
Income tax benefit	**-**	6,558	**-**	-
Intangibles and investment impairments, net of tax	**-**	(545,150)	**-**	(214,000)
Property, plant and equipment impairment and restructuring - Comprising:				
Impairment of property, plant and equipment	**-**	(23,228)	**-**	-
Restructuring and redundancy charges	**-**	(85,694)	**-**	-
Income tax benefit	**-**	32,668	**-**	-
Property, plant and equipment impairment and restructuring, net of tax	**-**	(76,254)	**-**	-
Gain on repurchase of medium term notes	**-**	5,167	**-**	-
Net significant and non-recurring items after income tax expense	**(8,359)**	(622,437)	**-**	(214,000)

* Non-recurring tax expense resulting from changes in the current 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.

5. Income tax expense

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Income tax expense is reconciled to prima facie income tax payable as follows:				
Net profit/(loss) before income tax expense	**397,465**	(351,416)	**1,356**	(266,627)
Prima facie income tax at 30% (2009: 30%)	**119,240**	(105,425)	**407**	(79,988)
Tax effect of differences:				
Overseas tax rate and accounting differentials	**(21,072)**	(20,428)	**-**	-
Share of net (profits)/losses of associates and joint ventures	**(668)**	21	**-**	-
Capital gains taxable/(not taxable)	**-**	9,397	**-**	1,652
Non-assessable dividends	**(2)**	(9)	**-**	-
Under/(over) provision in prior financial years	**5,931**	(8,592)	**1,957**	(5,763)
Temporary differences not recognised on intangible and other asset write-offs	**318**	151,004	**-**	64,200
Non-deductible/(deductible) items	**2,781**	2,286	**474**	430
Non-deductible depreciation and amortisation	**17**	16	**-**	-
Intragroup provision transfers	**-**	-	**-**	(1,645)
New Zealand legislative changes to tax depreciation on buildings	**8,359**	-	**-**	-
Other	**184**	1,402	**(760)**	(338)
Income tax expense/(benefit)	**115,088**	29,672	**2,078**	(21,452)
Current income tax expense/(benefit)	**112,759**	21,473	**(9,370)**	(21,673)
Deferred income tax (benefit)/expense	**(3,602)**	16,791	**9,491**	5,984
Under/(over) provision in prior financial years	**5,931**	(8,592)	**1,957**	(5,763)
Income tax expense/(benefit) in the income statement	**115,088**	29,672	**2,078**	(21,452)

6. Dividends paid and proposed

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) ORDINARY SHARES				
Interim 2010 unfranked dividend: 1.1 cents - paid 19 March 2010				
(2009: 75% franked 2 cents - paid 19 March 2009)	**25,872**	30,382	**25,872**	30,382
Final 2009 dividend: nil				
(2008: 75% franked 10 cents - paid 2 October 2008)	**-**	151,354	**-**	151,354
Total dividends paid - ordinary shares	**25,872**	181,736	**25,872**	181,736
(B) STAPLED PREFERENCE SHARES (SPS)				
SPS dividend:				
2010: $2.9010 per share - paid 30 April 2010	**8,877**	-	**-**	-
2010: $2.2946 per share - paid 30 October 2009	**7,021**	-	**-**	-
2009: $3.3580 per share - paid 30 April 2009	**-**	10,276	**-**	-
2009: $4.8138 per share - paid 31 October 2008	**-**	14,730	**-**	-
Total dividends paid - SPS	**15,898**	25,006	**-**	-
Total dividends paid	**41,770**	206,742	**25,872**	181,736

(C) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since balance date the directors have declared a final dividend of 1.4 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 23 September 2010 out of the retained profits at 27 June 2010, but not recognised as a liability at the end of the year is expected to be $32.9 million.

The unfranked portion of the dividend paid during the period is conduit foreign income.

	Company 2010 $'000	Company 2009 $'000
(D) FRANKED DIVIDENDS		
Franking account balance as at balance date at 30% (2009: 30%)	**4,095**	1,158
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial year	**47,277**	-
Total franking credits available for subsequent financial years based on a tax rate of 30%	**51,372**	1,158

On a tax-paid basis, the Company's franking account balance is approximately $4.1m (2009: $1.2 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 $14.1 million.

7. Receivables

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Current				
Trade debtors *	**358,099**	311,521	**-**	-
Provision for doubtful debts	**(9,627)**	(9,839)	**-**	-
	348,472	301,682	**-**	-
Loans to related parties **	**-**	-	**1,673,268**	1,651,230
Loans and deposits	**102**	15,936	**5**	21
Prepayments	**11,276**	11,264	**803**	1,236
Other	**30,525**	29,328	**141**	326
Total current receivables	**390,375**	358,210	**1,674,217**	1,652,813
Non-current				
Loans to related parties ***	**-**	-	**398,566**	398,566
Loans and deposits	**1,880**	2,189	**-**	-
Prepayments	**83**	-	**-**	-
Other	**1,057**	285	**-**	-
Total non-current receivables	**3,020**	2,474	**398,566**	398,566

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

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

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

IMPAIRED TRADE DEBTORS

As at 27 June 2010, trade debtors of the Group with a nominal value of $9.6 million (2009: $9.8m) were impaired and fully provided for. Refer to Note 37(C) for the factors considered in determining whether trade debtors are impaired.

As at 27 June 2010, an analysis of trade debtors that are not considered as impaired is as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Company 2010 $'000	Company 2009 $'000
Not past due	**217,010**	158,656	**-**	-
Past due 0 - 30 days	**92,175**	115,251	**-**	-
Past due 31 - 60 days	**20,289**	14,246	**-**	-
Past 60 days	**18,998**	13,529	**-**	-
	348,472	301,682	**-**	-

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

Movements in the provision for doubtful debts are as follows:	Consolidated 2010 $'000	Consolidated 2009 $'000
Balance at the beginning of the financial year	**9,839**	9,515
Additional provisions	**9,400**	5,982
Utilised	**(9,640)**	(5,691)
Exchange differences	**28**	33
Balance at the end of the financial year	**9,627**	**9,839**

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
8. Inventories				
Raw materials and stores - at net realisable value	**34,391**	37,019	**-**	-
Finished goods - at cost	**3,374**	2,962	**-**	-
Work in progress - at cost	**278**	74	**-**	-
Total inventories	**38,043**	40,055	**-**	-

9. Assets held for sale

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Freehold land and buildings	**5,257**	6,062	**-**	-
Total assets held for sale	**5,257**	6,062	**-**	-

Prior to 27 June 2010, a decision was taken to sell five properties in Australia and New Zealand. These properties have been reclassified to held for sale. On remeasure of the properties at the lower of carrying amount and fair value less costs to sell, an impairment charge of $1.4 million was recognised in the income statement against the assets. The properties are being actively marketed.

The two properties held at 28 June 2009 have been sold during the period.

10. Held to maturity investments

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Current				
Bonds	**11,591**	-	**-**	-
Total current held to maturity investments	**11,591**	-	**-**	-
Non-current				
Bonds	**-**	13,216	**-**	-
Total non-current held to maturity investments	**-**	13,216	**-**	-

These annuity bonds have a face value of $20 million. The issuer has given notice that the bonds will be redeemed on 30 September 2010 and accordingly they have been reclassified from non-current to current.

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
11. Investments accounted for using the equity method					
Shares in associates	(A)(i)	**14,102**	14,819	**-**	-
Shares in joint ventures	(B)(i)	**29,483**	31,849	**-**	-
Total investments accounted for using the equity method		**43,585**	46,668	**-**	-

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 27 June 2010	Ownership interest 28 June 2009
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%
Executive Publishing Network Pty Ltd *	Magazine publishing	Australia	-	30.0%
Guardian Print Limited **	Printing facility	New Zealand	-	25.0%
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%	30.0%
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%

* The company was deregistered on 22 July 2009.

** Investment in associate was disposed of on 19 March 2010.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
(i) Carrying amount of investment in associates		
Balance at the beginning of the financial year	**14,819**	14,764
Investments in associates acquired during the year	**-**	477
Adjustment for foreign exchange revaluation	**8**	20
Share of associates' net profit/(loss) after income tax expense	**685**	(55)
Dividends received/receivable from associates	**(350)**	(387)
Impairment of investment in associate	**(1,060)**	-
Balance at end of the financial year	**14,102**	14,819
(ii) Share of associates' profits		
Profit/(loss) before income tax expense	**750**	(100)
Income tax (expense)/benefit	**(65)**	45
Net profit/(loss) after income tax expense	**685**	(55)
(iii) Share of associates' assets and liabilities		
Current assets	**15,357**	13,969
Non-current assets	**22,405**	23,633
Total assets	**37,762**	37,602
Current liabilities	**10,118**	9,894
Non-current liabilities	**3,123**	4,176
Total liabilities	**13,241**	14,070

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 27 June 2010	Ownership interest 28 June 2009
Advantate Pty Ltd *	E-commerce: Online marketing	Australia	-	50.0%
Columbia Press Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
The Columbia Group Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
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 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%	48.0%

* Investment in joint venture was disposed of on 13 May 2010.

** Investment in joint venture was disposed of on 2 November 2009.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
(i) Carrying amount of investment in joint ventures		
Balance at the beginning of the financial year	**31,849**	30,926
Share of joint ventures' net profit after income tax expense	**1,541**	2,105
Interests in joint venture acquired during the year	**421**	13,313
Dividends received/receivable from joint venture	**(2,368)**	(3,023)
Impairment of investment in joint venture	**(460)**	-
Investment in joint venture disposed during the year	**(1,500)**	(11,472)
Balance at end of the financial year	**29,483**	31,849
(ii) Share of joint ventures' profits		
Revenues	**13,869**	28,450
Expenses	**(12,156)**	(25,432)
Profit before income tax expense	**1,713**	3,018
Income tax expense	**(172)**	(913)
Net profit after income tax expense	**1,541**	2,105
(iii) Share of joint ventures' assets and liabilities		
Current assets	**5,141**	4,151
Non-current assets	**19,804**	18,720
Total assets	**24,945**	22,871
Current liabilities	**2,259**	2,491
Non-current liabilities	**1,720**	465
Total liabilities	**3,979**	2,956
(C) SHARE OF NET PROFITS OF ASSOCIATES AND JOINT VENTURES		
Profit before income tax expense	**2,463**	2,918
Income tax expense	**(237)**	(868)
Net profit after income tax expense	**2,226**	2,050

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
12. Available for sale investments				
Listed equity securities - at fair value	**4,239**	2,157	**-**	-
Total available for sale investments	**4,239**	2,157	**-**	-

Available for sale investments consist of investments in ordinary shares at fair value and have no fixed maturity date. During the prior year, an impairment charge of $2.2 million was recognised in the income statement in respect of several investments due to a significant decline in the share price of the investments.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
13. Intangible assets				
Mastheads and tradenames	**3,366,633**	3,353,633	**-**	-
Software	**85,981**	61,726	**2,318**	7,948
Customer relationships	**11,631**	12,380	**-**	-
Radio licences	**132,217**	132,217	**-**	-
Goodwill	**2,346,319**	2,328,591	**-**	-
Total intangible assets	**5,942,781**	5,888,547	**2,318**	7,948

RECONCILIATIONS

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

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
(i) Consolidated							
At 29 June 2008							
Cost		146,245	17,103	3,722,121	188,748	2,554,392	6,628,609
Accumulated amortisation and impairment		-	(2,805)	(6,666)	(126,498)	-	(135,969)
Net carrying amount		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640
Period ended 28 June 2009							
Balance at beginning of the financial year		146,245	14,298	3,715,455	62,250	2,554,392	6,492,640
Additions		27	-	662	26,345	-	27,034
Disposals		-	-	-	(4,298)	(93,692)	(97,990)
Acquisition of business combinations		10,406	-	1,723	4,651	(594)	16,186
Amortisation charge	3(B)	-	(1,918)	-	(27,307)	-	(29,225)
Impairment		(24,461)	-	(381,270)	-	(138,045)	(543,776)
Exchange differences		-	-	17,063	85	6,530	23,678
At 28 June 2009, net of accumulated amortisation and impairment		132,217	12,380	3,353,633	61,726	2,328,591	5,888,547
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

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
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 of 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
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

(ii) Company

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
At 29 June 2008							
Cost		-	-	-	53,392	-	53,392
Accumulated amortisation and impairment		-	-	-	(39,348)	-	(39,348)
Net carrying amount		-	-	-	14,044	-	14,044
Period ended 28 June 2009							
Balance at beginning of the financial year		-	-	-	14,044	-	14,044
Additions		-	-	-	576	-	576
Disposals		-	-	-	(4)	-	(4)
Amortisation charge	3(B)	-	-	-	(4,659)	-	(4,659)
Intercompany transfers		-	-	-	(2,009)	-	(2,009)
At 28 June 2009, net of accumulated amortisation and impairment		-	-	-	7,948	-	7,948
At 28 June 2009							
Cost		-	-	-	53,776	-	53,776
Accumulated amortisation and impairment		-	-	-	(45,828)	-	(45,828)
Net carrying amount		-	-	-	7,948	-	7,948

	Note	Radio licences $'000	Customer relationships $'000	Mastheads & tradenames $'000	Software $'000	Goodwill $'000	Total $'000
Period ended 27 June 2010							
Balance at beginning of the financial year		-	-	-	7,948	-	7,948
Additions		-	-	-	24	-	24
Capitalisations from works in progress	14	-	-	-	752	-	752
Amortisation charge	3(B)	-	-	-	(2,976)	-	(2,976)
Intercompany transfers		-	-	-	(3,430)	-	(3,430)
At 27 June 2010, net of accumulated amortisation and impairment		-	-	-	2,318	-	2,318
At 27 June 2010							
Cost		-	-	-	33,917	-	33,917
Accumulated amortisation and impairment		-	-	-	(31,599)	-	(31,599)
Net carrying amount		-	-	-	2,318	-	2,318

(iii) 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 reviewed.

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 financial budgets approved by the Directors for the 2011 financial year, after an adjustment for central overheads. Cash flows beyond the 2011 period are extrapolated using the estimated growth rates stated at (v) below. The growth rates do not exceed the long-term average historical growth rate for the businesses in which the CGU operates.

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

As a result of the adoption of AASB 8 Operating Segments, goodwill previously allocated to the Australian Printing and Publishing Grouping was reallocated across the new reportable media segments. A segment level summary of the goodwill and non-amortising intangibles allocation is presented below:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Allocation of goodwill to reportable segments		
Australian Regional Media	**434,891**	434,891
Metropolitan Media	**449,135**	454,939
Specialist Media	**145,842**	145,008
New Zealand Media	**9,932**	9,932
Online	**775,982**	753,271
Broadcasting	**173,185**	173,198
Printing Operations	**351,613**	351,613
Other	**5,739**	5,739
Total goodwill	**2,346,319**	2,328,591
Allocation of non-amortising intangibles to reportable segments		
Australian Regional Media	**1,082,339**	1,082,339
Metropolitan Media	**877,793**	877,793
Specialist Media	**519,258**	525,131
New Zealand Media	**852,054**	833,753
Online	**35,189**	34,617
Broadcasting	**132,217**	132,217
Total indefinite life intangibles	**3,498,850**	3,485,850
Total goodwill and indefinite life intangibles	**5,845,169**	5,814,441

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

(v) 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% for Online, between 7.5% to 15% for Media CGUs, 5% for Printing and 7-7.5% for Broadcasting for years 1 to 3.
- the weighted average growth rates used were derived from internal forecasts.
- the budgeted exchange rate prevailing at balance date was used when converting foreign cash flows. An exchange rate of 1.25 was applied to New Zealand mastheads.
- the post-tax discount rates applied to the CGU Groups' cash flow projections was in the range 10.3%-13.1% producing a weighted average of 10.7% (2009: 9.8%).
- a terminal value of 3.5% was used for cash flows from year 4 onwards for all CGUs with the exception of Agricultural Publications, Print Operations and Broadcasting which were calculated at 3% (2009: 2.75% for all CGUs).

(vi) Impact of possible change in key assumptions

Holding all assumptions constant, if the discount rate applied to the cash flow projections was increased up by 0.25%, an aggregated impairment of $22.8 million would result in the Metropolitan Media, New Zealand Media and Broadcasting CGUs. If the rate was further increased by 0.5%, an aggregated impairment of $75.2 million would result across the Metropolitan Media, New Zealand Media and Broadcasting CGUs.

If a terminal value of 3% was consistently applied across all CGUs an impairment of $52.7 million would result in the Metropolitan Media and New Zealand Media CGU. 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

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Freehold land and buildings				
At cost	**271,799**	272,176	**-**	-
Provision for depreciation	**(31,442)**	(25,895)	**-**	-
Total freehold land and buildings	**240,357**	246,281	**-**	-
Leasehold buildings				
At cost	**100,306**	84,811	**256**	2,193
Provision for depreciation	**(22,205)**	(20,560)	**(256)**	(414)
Total leasehold buildings	**78,101**	64,251	**-**	1,779
Plant and equipment				
At cost	**1,115,740**	1,173,383	**17,416**	39,078
Provision for depreciation	**(664,580)**	(710,076)	**(16,988)**	(29,248)
Total plant and equipment	**451,160**	463,307	**428**	9,830
Capital works in progress - at cost	**9,003**	89,880	**230**	898
Total property, plant and equipment	**778,621**	863,719	**658**	12,507

RECONCILIATIONS

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

	Note	Capital works in progress $'000	Freehold land & buildings $'000	Leasehold buildings $'000	Plant and equipment $'000	Total $'000
(i) Consolidated						
At 29 June 2008						
Cost		84,238	266,515	80,897	1,163,748	1,595,398
Accumulated depreciation and impairment		-	(22,228)	(18,325)	(679,664)	(720,217)
Net carrying amount		84,238	244,287	62,572	484,084	875,181
Period ended 28 June 2009						
Balance at beginning of financial year		84,238	244,287	62,572	484,084	875,181
Additions/capitalisations		6,194	10,440	6,248	81,572	104,454
Disposals		(402)	(478)	(1,732)	(2,449)	(5,061)
Acquisition of business combinations		-	2,703	442	1,823	4,968
Depreciation charge	3(B)	-	(5,199)	(2,905)	(80,227)	(88,331)
Assets classified as held for sale	9	-	(5,527)	-	-	(5,527)
Transfers to other asset categories		-	(235)	(392)	627	-
Impairment		-	(511)	-	(22,566)	(23,077)
Exchange differences		(150)	801	18	443	1,112
At 28 June 2009, net of accumulated depreciation and impairment		89,880	246,281	64,251	463,307	863,719

Following a review of recoverable amount based on a value in use assessment, an impairment charge of $22.6m was recorded against printing press assets at one of the Group's Australian production facilities during the prior year.

	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
Capitalisations to software	13	(37,924)	-	-	-	(37,924)
Disposals		-	(1,202)	(2,657)	(319)	(4,178)
Acquisition of 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
(ii) Company						
At 29 June 2008						
Cost		5,227	-	256	37,740	43,223
Accumulated depreciation and impairment		-	-	(116)	(26,268)	(26,384)
Net carrying amount		5,227	-	140	11,472	16,839
Period ended 28 June 2009						
Balance at beginning of financial year		5,227	-	140	11,472	16,839
Additions/capitalisations		(4,329)	-	2,591	1,571	(167)
Disposals		-	-	(634)	(197)	(831)
Depreciation charge	3(B)	-	-	(181)	(2,523)	(2,704)
Intercompany transfers		-	-	(137)	(493)	(630)
At 28 June 2009, net of accumulated depreciation and impairment		898	-	1,779	9,830	12,507
At 28 June 2009						
Cost		898	-	2,193	39,078	42,169
Accumulated depreciation and impairment		-	-	(414)	(29,248)	(29,662)
Net carrying amount		898	-	1,779	9,830	12,507
Period ended 27 June 2010						
Balance at beginning of financial year		898	-	1,779	9,830	12,507
Additions/capitalisations		84	-	-	94	178
Capitalisations to software	13	(752)	-	-	-	(752)
Disposals		-	-	-	(34)	(34)
Depreciation charge	3(B)	-	-	(54)	(409)	(463)
Intercompany transfers		-	-	(1,725)	(9,053)	(10,778)
At 27 June 2010, net of accumulated depreciation and impairment		230	-	-	428	658
At 27 June 2010						
Cost		230	-	256	17,416	17,902
Accumulated depreciation and impairment		-	-	(256)	(16,988)	(17,244)
Net carrying amount		230	-	-	428	658

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
15. Derivative financial instruments				
Current assets				
Forward contracts - cash flow hedges	**-**	173	**-**	-
Total current derivative assets	**-**	173	**-**	-
Non-current assets				
Cross currency swap - cash flow hedge	**101**	95,303	**-**	-
Cross currency swap - fair value hedge	**29,909**	38,677	**-**	-
Cross currency swap - net investment hedge	**14,342**	18,762	**-**	-
Total non-current derivative assets	**44,352**	152,742	**-**	-
Current liabilities				
Cross currency swap - cash flow hedge	**55**	26,007	**-**	-
Cross currency swap - fair value hedge	**12,512**	-	**-**	-
Share swap - fair value to profit and loss	**-**	486	**-**	-
Forward contracts - cash flow hedges	**-**	264	**-**	-
Total current derivative liabilities	**12,567**	26,757	**-**	-
Non-current liabilities				
Interest rate swap - cash flow hedge	**23,612**	29,605	**-**	-
Cross currency swap - fair value hedge	**24,453**	17,628	**-**	-
Cross currency swap - cash flow hedge	**37,028**	497	**-**	-
Total non-current derivative liabilities	**85,093**	47,730	**-**	-

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 27 June 2010, 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 27 June 2010, the notional principal amounts and period of expiry of the swaps are as follows:

	Maturity date	Interest rate 2010	2009
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 27 June 2010, 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 27 June 2010, the notional principal amounts and period of expiry of the swaps for each counterparty are as follows:

	Maturity date	Interest rate 2010	2009
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.

During the year, the Group held a cross currency swap designated as hedging the future contracted interest payments on the NZD denominated Redeemable Preference Shares (RPS) issued in May 2005. The cross currency swap was being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 28 June 2009, the notional principal amount and period of expiry of the swap were as follows:

	Maturity date	Interest rate 2010	2009
Pay fixed, receive floating - AUD$173.6m	15 June 2010	4.95%	4.95%

The contract requires settlement on interest receivable and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying RPS. The cross currency swap matured in June 2010, which coincided with the maturity of the RPS.

At 27 June 2010, 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 27 June 2010, the notional principal amount and period of expiry of the swap are as follows:

	Maturity date	Interest rate 2010	2009
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 27 June 2010, the above hedges were assessed to be highly effective with a combined unrealised gain in fair value of $4.0 million (2009: $6.4 million loss) recognised in equity for the period. During the period an unrealised loss of $3.3 million (2009: $2.0 million unrealised loss) was recognised in the income statement attributable to the ineffective portion of the cash flow hedges.

During the year an unrealised loss of $1.8 million was transferred from equity to the income statement (2009: $1.9 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 27 June 2010, the Group did not hold any forward exchange contracts.

At 28 June 2009, the details of the outstanding contracts were:

	2010 *	2009 *	Weighted average exchange rate	
	$'000	$'000	2010	2009
Buy USD/Sell AUD - Maturity 0 - 12 months	-	367	-	0.9038
Buy EUR/Sell AUD - Maturity 0 - 12 months	-	2,634	-	0.5238
Buy EUR/Sell NZD - Maturity 0 - 12 months	-	5,111	-	0.4647
Buy CHF/Sell NZD - Maturity 0 - 12 months	-	939	-	0.7322

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

The foreign currency contracts are considered to be fully effective hedges as they are matched 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.

At 28 June 2009, the hedges were assessed to be highly effective with a loss of $2.7 million recognised in equity for the period. The amount removed from equity and included in the initial measurement of capital purchases during the period to 28 June 2009 was a $1.0 million gain. The amount removed from equity and included in expenses from operations for the period was $2.1 million of losses.

(iii) Fair value hedges

At 27 June 2010, 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 27 June 2010, 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 98% designated to a cash flow hedge, as discussed in (i) above.

At 27 June 2010, the cross currency swap agreements had a combined value of $7.1million (2009: $10.9 million).

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

The terms of these cross currency swaps are as follows:

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

For the Group, the remeasurement of the hedged items resulted in a gain before tax of $32.3 million (2009: $101.5 million loss) and the changes in the fair value of the hedging instruments resulted in a loss before tax of $33.4 million (2009: $103.6 million gain) resulting in a net loss before tax of $1.1 million (2009: $2.1 million gain) 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 27 June 2010, the hedges were assessed to be highly effective with an unrealised loss of $3.0 million (2009: $0.6 million loss) recognised in equity. During the current financial period there was an unrealised loss of $0.1 million (2009: $1.8 million) 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	
	27 June 2010 $'000	28 June 2009 $'000	27 June 2010 $'000	28 June 2009 $'000	27 June 2010 $'000	28 June 2009 $'000
(i) Consolidated						
Property, plant and equipment	**4,551**	10,293	**27,374**	24,084	**(22,823)**	(13,791)
Inventories	**-**	-	**3,020**	2,788	**(3,020)**	(2,788)
Investments	**-**	-	**10,347**	10,498	**(10,347)**	(10,498)
Intangible assets	**6,567**	6,685	**41,935**	44,301	**(35,368)**	(37,616)
Other assets	**25,216**	23,831	**22,258**	24,187	**2,958**	(356)
Provisions	**48,993**	52,826	**-**	-	**48,993**	52,826
Payables	**9,504**	10,288	**-**	-	**9,504**	10,288
Other liabilities	**2,676**	3,255	**229**	53	**2,447**	3,202
Tax losses	**-**	1,510	**-**	-	**-**	1,510
Other	**4,147**	6,219	**1,091**	10,684	**3,056**	(4,465)
Gross deferred tax assets/liabilities	**101,654**	114,907	**106,254**	116,595	**(4,600)**	(1,688)
Set-off of deferred tax assets/liabilities	**(89,880)**	(107,569)	**(89,880)**	(107,569)	**-**	-
Net deferred tax assets/liabilities	**11,774**	7,338	**16,374**	9,026	**(4,600)**	(1,688)
(ii) Company						
Property, plant and equipment	**80**	-	**-**	2,771	**80**	(2,771)
Intangible assets	**6,567**	6,215	**-**	-	**6,567**	6,215
Other assets	**-**		**-**	-	**-**	-
Provisions	**1,166**	2,281	**-**	-	**1,166**	2,281
Payables	**2,909**	2,061	**-**	-	**2,909**	2,061
Other	**3**	149	**395**	7,096	**(392)**	(6,947)
Gross deferred tax assets/liabilities	**10,725**	10,706	**395**	9,867	**10,330**	839
Set-off of deferred tax assets/liabilities	**(395)**	(9,867)	**(395)**	(9,867)	**-**	-
Net deferred tax assets/liabilities	**10,330**	839	**-**	-	**10,330**	839

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

	Balance 28 June 2009	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 27 June 2010
(i) Consolidated						
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)**
(ii) Company						
Property, plant and equipment	(2,771)	-	2,851	-	-	**80**
Intangible assets	6,215	-	352	-	-	**6,567**
Other financial assets	-	-	-	-	-	**-**
Provisions	2,281	-	(1,115)	-	-	**1,166**
Payables	2,061	-	848	-	-	**2,909**
Other	(6,947)	-	6,555	-	-	**(392)**
	839	-	9,491	-	-	**10,330**

	Balance 29 June 2008	Recognised on acquisition	Recognised in income	Recognised in equity	Balances disposed	Balance 28 June 2009
(i) Consolidated						
Property, plant and equipment	(19,202)	(1,474)	7,101	-	(216)	(13,791)
Inventories	(4,114)	-	1,326	-	-	(2,788)
Investments	(6,447)	-	(4,102)	-	51	(10,498)
Intangible assets	(38,847)	(2,117)	3,348	-	-	(37,616)
Other assets	(2,268)	17	(527)	2,379	43	(356)
Provisions	50,608	1,158	1,590	-	(530)	52,826
Payables	7,986	-	3,022	-	(720)	10,288
Other liabilities	2,634	-	568	-	-	3,202
Tax losses	18	-	1,492	-	-	1,510
Film production and distribution	(8,052)	409	234	-	7,409	-
Other	(2,686)	41	2,739	(4,559)	-	(4,465)
	(20,370)	(1,966)	16,791	(2,180)	6,037	(1,688)
(ii) Company						
Property, plant and equipment	(3,630)	-	859	-	-	(2,771)
Intangible assets	5,178	-	1,037	-	-	6,215
Other financial assets	(2)	-	2	-	-	-
Provisions	2,426	-	(145)	-	-	2,281
Payables	1,405	-	656	-	-	2,061
Other	(3,820)	-	3,575	(6,702)	-	(6,947)
	1,557	-	5,984	(6,702)	-	839

(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 $208,979,744 (2009: $210,696,066) 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 $298,194,934 (2009: $298,538,825).

(D) UNRECOGNISED TEMPORARY DIFFERENCES

At 27 June 2010, 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 (2009: Nil).

17. Payables

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Trade and other payables *	**188,489**	211,288	**14,843**	14,946
Interest payable	**18,944**	19,376	**-**	-
Income in advance	**69,147**	69,815	**-**	-
Total current payables	**276,580**	300,479	**14,843**	14,946

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

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
18. Interest bearing liabilities					
Current interest bearing liabilities - unsecured					
Finance lease liability	(D)	**3,579**	3,334	**-**	-
Other loans	(D)	**39,975**	10,072	**-**	-
Redeemable Preference Shares	(E)	**-**	147,978	**-**	-
Bank borrowings	(B)	**-**	22,173	**-**	-
Other loans					
Senior notes	(C)	**58,531**	-	**-**	-
Medium term notes	(F)	**167,587**	-	**-**	-
Total current interest bearing liabilities		**269,672**	183,557	**-**	-
Non-current interest bearing liabilities - unsecured					
Bank borrowings	(B)	**145,231**	237,706	**-**	-
Other loans					
Senior notes	(C)	**539,431**	638,371	**-**	-
Medium term notes	(F)	**-**	167,481	**-**	-
Eurobonds	(G)	**494,068**	607,537	**-**	-
Other	(D)	**11,634**	51,609	**-**	-
Finance lease liability	(D)	**18,425**	22,004	**-**	-
Total non-current interest bearing liabilities		**1,208,789**	1,724,708	**-**	-
Net debt for financial covenant purposes					
Cash and cash equivalents		**(117,872)**	(69,124)	**-**	-
Current interest bearing liabilities		**269,672**	183,557	**-**	-
Non-current interest bearing liabilities		**1,208,789**	1,724,708	**-**	-
Derivative financial instruments liabilities/(assets) *		**74,413**	(56,793)	**-**	-
Net debt for financial covenant purposes		**1,435,002**	1,782,348	**-**	-

* 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 $1,435 million as at 27 June 2010 (2009: $1,782 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

Non-current

A NZ$50 million revolving committed cash advance facility is available to the Group until December 2011. At 27 June 2010, NZ$25.0 million was drawn down (2009: NZ$27.7 million).

A $1,200 million syndicated bank facility is available to the Group until periods ranging from April 2011 to April 2013. At 27 June 2010, $125 million was drawn (2009: $125 million). The interest rate for the drawings under this facility is the applicable bank bill rate plus a credit margin. On 2 July 2010, the Group extended the April 2011 tranche ($388 million) to April 2014 and reduced the amount by $96.4 million to $291.6 million. Total syndicated bank facilities subsequent to year end were $1,104 million.

(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 2011 to January 2019. The weighted average maturity of the issue is approximately 4.5 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 5.1 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, following a downgrade of the Group's credit rating during the period.

(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 CPI indexed annuity loan with principal and interest outstanding of $36.6 million (2009: $41.3 million) and a finance lease of $22.0 million (2009: $25.3 million), which was entered into in February 1996. There is also principal and interest outstanding of $15.1 million (2009: $20.4 million) in the form of a fixed rate loan with an established drawdown and repayment schedule.

The CPI indexed annuity loan will be repaid in full on 30 September 2010 in accordance with the early redemption provisions and has been classified as current. The finance lease facility and fixed rate loan will continue to maturity in September 2015.

(E) REDEEMABLE PREFERENCE SHARES (RPS)

The Group issued Redeemable Preference Shares in New Zealand in May 2005 with a principal value of NZ$186.5 million (A$147.9 million) paying a fixed one year coupon of 3.97% p.a. payable quarterly in arrears. The Redeemable Preference Shares matured in June 2010. The interest and principal on the Redeemable Preference Shares were payable in New Zealand dollars and were swapped into fixed rate Australian dollars via a cross-currency swap. The applicable cross-currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis. The cross-currency swap matured in June 2010, which coincided with the maturity of the RPS.

(F) 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.

(G) 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 (2009: 5.25%). The interest and principal on the notes are payable in Euro and were swapped into fixed rate Australian dollars via cross-currency swaps.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
19. Provisions				
Current				
Employee benefits	**101,558**	101,697	**3,626**	5,291
Defamation	**3,341**	4,927	**-**	-
Property	**599**	6,850	**-**	-
Consideration payable under earn out arrangement	**-**	4,357	**-**	-
Redundancy	**4,183**	10,590	**-**	1,911
Other	**267**	271	**-**	-
Total current provisions	**109,948**	128,692	**3,626**	7,202
Non-current				
Employee benefits	**12,812**	13,087	**222**	401
Property	**34,936**	35,435	**-**	-
Other	**258**	481	**-**	-
Total non-current provisions	**48,006**	49,003	**222**	401

RECONCILIATION

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

	Consolidated Defamation 2010 $'000	Consolidated Property 2010 $'000	Consolidated Earn out 2010 $'000	Consolidated Redundancy 2010 $'000	Consolidated Other 2010 $'000	Company Redundancy 2010 $'000
Current						
Balance at beginning of the financial year	4,927	6,850	4,357	10,590	271	1,911
Additional provision	3,726	400	-	3,559	299	-
Utilised	(5,316)	(6,571)	(4,355)	(9,979)	(303)	(376)
Intercompany transfers	-	-	-	-	-	(1,535)
Exchange differences	4	(80)	(2)	13	-	-
Balance at end of the financial year	**3,341**	**599**	**-**	**4,183**	**267**	**-**
Non-current						
Balance at beginning of the financial year	-	35,435	-	-	481	-
Additional provision	-	2,448	-	-	-	-
Utilised	-	(2,926)	-	-	(223)	-
Exchange differences	-	(21)	-	-	-	-
Balance at end of the financial year	**-**	**34,936**	**-**	**-**	**258**	**-**

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 insignificant matters across the Group. At the date of this report there were no legal actions against the consolidated entity that have not been adequately provided for or that are expected to have a material impact on the Group.

(iii) Property

The provision for property costs is in respect of make good provisions, deferred lease incentives and 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) Earn out

The provision for earn out related to amounts arising from acquisitions which were payable contingent on the achievement of specified financial performance criteria by the entity acquired.

(v) Redundancy

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

(vi) Other

Other provisions includes various other costs relating to the business.

20. Pension 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 FairfaxMedia 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 $50.9 million (2009: $44.0 million) of defined contribution assets and entitlements.

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) BALANCE SHEET				
The amounts recognised in the balance sheet are determined as follows:				
Present value of the defined benefit obligation	**(21,512)**	(20,560)	**-**	-
Fair value of defined benefit plan assets	**16,712**	17,875	**-**	-
Net pension liabilities	**(4,800)**	(2,685)	**-**	-
(B) RECONCILIATION OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION				
Balance at the beginning of the financial year	**20,560**	24,254	**-**	-
Current service cost	**954**	928	**-**	-
Interest cost	**944**	1,408	**-**	-
Contributions by employees	**23**	68	**-**	-
Actuarial losses/(gains)	**1,641**	(173)	**-**	-
Benefits paid	**(2,513)**	(66)	**-**	-
Taxes, premiums and expenses paid	**(106)**	(147)	**-**	-
Exchange differences on foreign plans	**9**	4	**-**	-
Curtailments	**-**	209	**-**	-
Settlements	**-**	(5,925)	**-**	-
Balance at the end of the financial year	**21,512**	20,560	**-**	-
(C) RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS				
Balance at the beginning of the financial year	**17,875**	29,796	**-**	-
Expected return on plan assets	**1,194**	2,012	**-**	-
Actuarial gains/(losses)	**657**	(7,425)	**-**	-
Contributions by Group companies and employees	**(408)**	(381)	**-**	-
Benefits paid	**(2,512)**	(66)	**-**	-
Taxes, premiums and expenses paid	**(106)**	(147)	**-**	-
Exchange differences on foreign plans	**12**	11	**-**	-
Settlements	**-**	(5,925)	**-**	-
Balance at the end of the financial year	**16,712**	17,875	**-**	-
(D) AMOUNTS RECOGNISED IN INCOME STATEMENT				
The amounts recognised in the income statement are as follows:				
Current service cost	**954**	928	**-**	-
Interest cost	**944**	1,408	**-**	-
Curtailments	**-**	209	**-**	-
Expected return on plan assets	**(1,194)**	(2,012)	**-**	-
Total included in employee benefits expense	**704**	533	**-**	-
Actual return on plan assets	**2,019**	(4,862)	**-**	-

(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:

	Consolidated 27 June 2010 %	Consolidated 28 June 2009 %	Company 27 June 2010 %	Company 28 June 2009 %
Cash	**7**	7	**-**	-
Australian equities	**21**	22	**-**	-
Overseas equities	**31**	33	**-**	-
Fixed interest securities	**28**	24	**-**	-
Property	**8**	7	**-**	-
Other	**5**	7	**-**	-

(F) PRINCIPAL ACTUARIAL ASSUMPTIONS

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

	Consolidated 2010 %	Consolidated 2009 %	Company 2010 %	Company 2009 %
Discount rate	**5.1**	4.7	**-**	-
Expected return on plan assets	**5.9**	6.3	**-**	-
Future salary increases	**4.0**	4.0	**-**	-

The expected rate of return on assets has been determined by weighting the expected long term return for each class by the target allocation of assets to each asset class. This resulted in a 5.9% p.a. rate of return, net of tax and expenses (2009: 6.3% 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 assessments of Fairfax NZ Retirement Fund and Fairfax NZ Senior Executive Superannuation Scheme were carried out as at 1 April 2008 by AoN Consulting New Zealand Limited. Fairfax New Zealand Superannuation Fund is a defined contribution fund and does not require an actuarial assessment.

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

Total employer contributions expected to be paid by Group companies for the 2011 financial year are $784,000 (parent entity: nil)

(H) NET FINANCIAL POSITION OF PLAN

In accordance with AAS 25 Financial Reporting by Superannuation Plans the plans' net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as a surplus of $3.4 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

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	2010 $'000
Defined benefit plan obligation	(19,424)	(20,048)	(24,254)	(20,560)	**(21,512)**
Plan assets	30,100	33,429	29,796	17,875	**16,712**
Surplus/(deficit)	10,676	13,381	5,542	(2,685)	**(4,800)**
Experience adjustments arising on plan liabilities	(2,152)	(2,032)	7,678	(1,513)	**1,551**
Experience adjustments arising on plan assets	(892)	(1,038)	(3,132)	6,283	**(756)**

21. Other financial assets

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Shares in controlled entities - at cost	**-**	-	**3,138,215**	3,138,215
Provision for diminution	**-**	-	**(214,000)**	(214,000)
	-	-	**2,924,215**	2,924,215
Shares in unlisted entities - at fair value	**2,575**	1,175	**-**	-
Total other financial assets	**2,575**	1,175	**2,924,215**	2,924,215

22. Contributed equity

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Ordinary Shares					
2,351,955,725 ordinary shares fully paid (2009: 2,351,955,725)	(A)	**4,667,944**	4,667,990	**4,667,944**	4,667,990
Unvested Employee Incentive Shares					
8,411,794 unvested employee incentive shares (2009: 8,411,794)	(B)	**(18,430)**	(33,031)	**(18,430)**	(33,031)
Stapled Preference Shares (SPS)					
3,000,000 stapled preference shares (2009: 3,000,000)	(C)	**293,163**	293,163	**299,278**	299,278
Debentures					
281 debentures fully paid (2009: 281)	(D)	*****	*	*****	*
Total contributed equity		**4,942,677**	4,928,122	**4,948,792**	4,934,237

* 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:

	27 June 2010 No. of shares	28 June 2009 No. of shares	27 June 2010 $'000	28 June 2009 $'000
Consolidated				
(A) ORDINARY SHARES				
Balance at beginning of the financial year	**2,351,955,725**	1,513,544,248	**4,667,990**	4,039,131
Dividend reinvestment plan issue - 2 October 2008	**-**	5,558,472	**-**	15,731
Share issue - 13 March 2009 Institutional offer	**-**	668,373,549	**-**	501,280
Share issue - 6 April 2009 Retail offer	**-**	164,479,456	**-**	123,360
Share issue costs	**-**	-	**(46)**	(11,512)
Balance at end of the financial year	**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,990
(B) UNVESTED EMPLOYEE INCENTIVE SHARES				
Balance at beginning of the financial year	**8,411,794**	3,384,916	**(33,031)**	(13,885)
Share acquisition - 26 August 2008	**-**	3,900,084	**-**	(11,599)
Share acquisition - 27 March 2009	**-**	1,126,794	**-**	(845)
Tax benefit recognised directly in equity	**-**	-	**14,601**	(6,702)
Balance at end of the financial year	**8,411,794**	8,411,794	**(18,430)**	(33,031)
(C) STAPLED PREFERENCE SHARES (SPS)				
Balance at beginning of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
Balance at end of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
(D) DEBENTURES				
Balance at beginning of the financial year	**281**	281	*****	*
Balance at end of the financial year	**281**	281	*****	*
Total contributed equity			**4,942,677**	4,928,122

* 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.

Rights Issue

On 3 April 2009, the Company completed a 3 for 5 accelerated non-renounceable pro-rata entitlement offer, raising a total of $624.6 million. The Company used the proceeds of the entitlement offer to pay down a substantial part of a syndicated bank facility maturing in 2011 and 2012.

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 27 June 2010, no ordinary shares (2009: 5,558,472 ordinary shares) were issued under the terms of the DRP.

(B) Unvested Employee Incentive Shares

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

(C) Stapled Preference Shares (SPS)

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

Distribution payments are at the discretion of directors however distributions, in the form of interest on the notes, are expected to be paid semi-annually in arrears each April and October, and rank in preference to ordinary shareholders and equally with preference shareholders. The distribution rate is calculated as the sum of the six month bank bill swap rate and a margin. Distributions are non-cumulative. Total distribution payments in the year to SPS holders was $15,898,531 (2009: $25,005,709).

The SPS are perpetual however Fairfax has the right to redeem the SPS for cash, remarket the securities or exercise a 2.25% step-up margin, or convert the SPS into a variable number of ordinary shares from April 2011 or earlier in certain circumstances (an assignment event). In the event an assignment event occurs, the SPS are ‘unstapled’ and the unsecured notes assigned to a wholly owned Fairfax subsidiary. The SPS holders would continue to hold a listed SPS preference share issued by the Company and be entitled to discretionary dividends on the preference shares, which may be franked.

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

(D) Debentures

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

		Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000

23. Reserves

		Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Asset revaluation reserve, net of tax	(A)	**1,833**	32	**-**	-
Foreign currency translation reserve, net of tax	(B)	**(140,969)**	(173,662)	**-**	-
Cashflow hedge reserve, net of tax	(C)	**10,946**	7,286	**-**	-
Net investment hedge reserve, net of tax	(D)	**(4,037)**	(1,024)	**-**	-
Share-based payment reserve, net of tax	(E)	**5,099**	3,987	**5,099**	3,987
Total reserves		**(127,128)**	(163,381)	**5,099**	3,987
(A) Asset revaluation reserve					
Balance at beginning of the financial year		**32**	(801)	**-**	-
Revaluation of available for sale investments		**2,082**	(1,358)	**-**	-
Impairment losses transferred to net profit		**-**	2,191	**-**	-
Tax effect on available for sale investments		**(281)**	-	**-**	-
Balance at end of the financial year		**1,833**	32	**-**	-
(B) Foreign currency translation reserve					
Balance at beginning of the financial year		**(173,662)**	(201,881)	**-**	-
Transfer to loss on disposal		**-**	1,192	**-**	-
Net exchange differences on currency translation, net of tax		**32,693**	27,027	**-**	-
Balance at end of the financial year		**(140,969)**	(173,662)	**-**	-
(C) Cashflow hedge reserve					
Balance at beginning of the financial year		**7,286**	15,307	**-**	-
Effective portion of changes in value of cashflow hedges		**4,522**	(11,495)	**-**	-
Tax effect of net changes on cashflow hedges		**(862)**	3,474	**-**	-
Balance at end of the financial year		**10,946**	7,286	**-**	-
(D) Net investment hedge reserve					
Balance at beginning of the financial year		**(1,024)**	(438)	**-**	-
Effective portion of changes in value of net investment hedges		**(4,272)**	(836)	**-**	-
Tax effect on net investment hedges		**1,259**	250	**-**	-
Balance at end of the financial year		**(4,037)**	(1,024)	**-**	-
(E) Share-based payment reserve					
Balance at beginning of the financial year		**3,987**	1,750	**3,987**	1,750
Share-based payment expense		**3,297**	2,237	**3,297**	2,237
Tax effect on share-based payment expense		**(989)**	-	**(989)**	-
Tax expense recognised directly in reserve		**(1,196)**	-	**(1,196)**	-
Balance at end of the financial year		**5,099**	3,987	**5,099**	3,987

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).

24. Retained profits

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Balance at beginning of the financial year		**237,604**	821,987	**63,624**	490,535
Net profit/(loss) for the financial year		**282,115**	(380,050)	**(722)**	(245,175)
Actuarial loss on defined benefit plans, net of tax		**(741)**	(5,093)	**-**	-
Tax benefits recognised directly in equity		**4,770**	7,502	**-**	-
Total available for appropriation		**523,748**	444,346	**62,902**	245,360
Dividends paid	6	**(41,770)**	(206,742)	**(25,872)**	(181,736)
Balance at end of the financial year		**481,978**	237,604	**37,030**	63,624

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
25. Non-controlling interest				
Interest in:				
Contributed equity	**1,783**	1,783	**-**	-
Reserves	**7,679**	7,679	**-**	-
Retained profits	**(251)**	(17)	**-**	-
Balance at end of the financial year	**9,211**	9,445	**-**	-
RECONCILIATION				
Balance at beginning of the financial year	**9,445**	11,001	**-**	-
Acquisition of controlled entities	**-**	234	**-**	-
Disposal of controlled entities	**-**	(287)	**-**	-
Share of profit/(loss) for the period	**262**	(1,038)	**-**	-
Distribution to non-controlling interest	**(496)**	(461)	**-**	-
Exchange differences	**-**	(4)	**-**	-
Balance at end of the financial year	**9,211**	9,445	**-**	-

	Consolidated 27 June 2010 ¢ per share	Consolidated 28 June 2009 ¢ per share
26. Earnings per share		
Basic earnings/(loss) per share		
After significant and non-recurring items less SPS dividend (net of tax)	**11.5**	(21.6)
Diluted earnings/(loss) per share		
After significant and non-recurring items (net of tax)	**11.0**	(21.6)

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Earnings reconciliation - basic		
Net profit/(loss) attributable to members of the Company	**282,115**	(380,050)
Less Dividends on SPS (net of tax)	**(11,780)**	(15,683)
Basic earnings/(loss) after significant and non-recurring items less SPS dividend	**270,335**	(395,733)
Earnings reconciliation - diluted		
Net profit/(loss) attributable to members of the Company	**282,115**	(380,050)

	Consolidated 27 June 2010 Number '000	Consolidated 28 June 2009 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,351,956**	1,832,788
SPS	**212,128**	247,889
Weighted average number of ordinary shares used in calculating diluted EPS	**2,564,084**	2,080,677

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:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year	**43,238**	44,019	**74**	147
Later than one year and not later than five years	**129,939**	132,345	**-**	74
Later than five years	**313,970**	332,860	**-**	-
Total operating lease commitments	**487,147**	509,224	**74**	221

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 $31.3m (2009: $32.5m). The lease has an average lease term of five years (2009: six years) and a weighted average interest rate of 13.4% (2009: 13.4%). Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year		**5,076**	5,076	**-**	-
Later than one year and not later than five years		**20,303**	20,304	**-**	-
Later than five years		**1,269**	6,345	**-**	-
Minimum lease payments		**26,648**	31,725	**-**	-
Less future finance charges		**(4,644)**	(6,387)	**-**	-
Total finance lease liability		**22,004**	25,338	**-**	-
Classified as:					
Current interest bearing liabilities		**3,579**	3,334	**-**	-
Non-current interest bearing liabilities		**18,425**	22,004	**-**	-
Total finance lease liability	18(D)	**22,004**	25,338	**-**	-

CONTINGENT RENTALS UNDER FINANCE LEASE

A component of the finance lease payments are contingent on movements in the consumer price index. At balance date, the contingent rent payable over the remaining lease term of 5 years is $23.4 million (2009: $25.5 million).

CAPITAL COMMITMENTS

At 27 June 2010, 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:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
Within one year	**7,772**	12,645	**-**	-
Later than one year and not later than five years	**-**	-	**-**	-
Later than five years	**-**	-	**-**	-
Total capital commitments	**7,772**	12,645	**-**	-

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 2010 %	2009 %
Fairfax Media Limited	(a)	Australia		
CONTROLLED ENTITIES				
5AU Broadcasters Proprietary Limited	(a)	Australia	100	100
ACN 074 162 888 Pty Ltd (in Liq)		Australia	100	100
ACN 083 365 799 Pty Ltd (in Liq)		Australia	100	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
Australian Property Monitors Pty Limited	(a)	Australia	100	100
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
Canweb Printing Pty Limited	(c)	Australia	-	100
Carpentaria Newspapers Pty Ltd	(a)	Australia	100	100
Central Districts Field Days Limited		New Zealand	100	100
Commerce Australia Pty Ltd		Australia	75	75
Communication Associates Limited		New Zealand	100	100
Constellar Press & Printing Pty Limited	(c)	Australia	-	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
Digital Radio Australia Pty Limited		Australia	100	100
Esperance Holdings Pty Ltd (in Liq)		Australia	100	100
Examiner Properties Pty Ltd	(a)	Australia	100	100
F@rming Online Pty Ltd (in Liq)		Australia	100	100
Fairfax Business Media (South Asia) Pte Limited		Singapore	100	100
Fairfax Business Media Pte Limited		Singapore	100	100
Fairfax Business Media Sdn. Bhd.		Malaysia	100	100
Fairfax Business Publications (Hong Kong) Ltd	(c)	Hong Kong	-	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 EEC Limited	(c)	United Kingdom	-	100
Fairfax Group Finance New Zealand Limited		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 Publications Pty Limited	(a)	Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2010 %	2009 %
CONTROLLED ENTITIES				
Fairfax New Zealand Finance Limited		Australia	100	100
Fairfax New Zealand Holdings Limited		New Zealand	100	100
Fairfax New Zealand Limited		New Zealand	100	100
Fairfax 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)		Australia	100	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) (b)	Australia	100	-
Go East Furniture Company Pty Ltd	(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)		Australia	100	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
InvestSMART Financial Services Pty Ltd		Australia	100	100
InvestSMART Limited	(c)	New Zealand	-	100
J&R Graphics Pty Limited	(c)	Australia	-	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
Large Publications Pty Ltd	(c)	Australia	-	79
Leeton Newspapers Pty Ltd	(a)	Australia	100	100
Lime Digital Pty Limited	(a)	Australia	100	100
Macleay Valley Happynings Pty Ltd	(c)	Australia	-	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)		Australia	100	100
Merredin Advertiser Pty Ltd (in Liq)		Australia	100	100
Metropolis Media Pty Ltd	(c)	Australia	-	100
Micosh Pty Ltd	(a)	Australia	100	100
Miller Publishing Co, Inc		United States	100	100
Milton Ulladulla Publishing Co. Pty Ltd		Australia	60	60
Mistcue Pty Limited		Australia	65	65
Mountain Press Pty Ltd		Australia	88	88
NE Investments Pty Ltd	(c)	Australia	-	100
Newcastle Newspapers Pty Ltd	(a)	Australia	100	100

	Notes	Country of Incorporation	Ownership interest 2010 %	Ownership interest 2009 %
CONTROLLED ENTITIES				
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
Old Friends Limited		New Zealand	100	100
Online Services International Limited		New Zealand	100	100
Online Travel Limited	(c)	New Zealand	-	100
OSF Australia Pty Limited		Australia	100	100
Oxford Scientific Films Limited		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
Pro-Ag Pty Ltd	(c)	Australia	-	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
Red Rock Software Limited	(c)	New Zealand	-	100
Regional Press Australia Pty Limited		Australia	100	50
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	(a)	Australia	100	100
RP Interactive Pty Ltd (in Liq)		Australia	100	100
RPL Technology Pty Limited	(c)	Australia	-	100
RSVP.com.au Pty Limited	(a)	Australia	100	100
Rural Press (North Queensland) Pty Limited (in Liq)		Australia	100	100
Rural Press (USA) Limited		United States	100	100
Rural Press Ltd	(a)	Australia	100	100
Rural Press Printing (Victoria) Pty Limited	(a)	Australia	100	100
Rural Press Printing Pty Limited	(a)	Australia	100	100
Rural Press Queensland Pty Ltd	(a)	Australia	100	100
Rural Press Regional Media (WA) Pty Limited	(a)	Australia	100	100
Rural Press Share Plan Pty Limited (in Liq)		Australia	100	100
Rural Press USA Inc		United States	100	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)		Australia	100	100
Satellite Music Australia Pty Limited	(a)	Australia	100	100
Snowy Mountains Publications Pty Ltd	(c)	Australia	-	100
Stayz Limited		New Zealand	100	100

	Notes	Country of Incorporation	Ownership interest 2010 %	2009 %
CONTROLLED ENTITIES				
Stayz Pty Limited	(a)	Australia	100	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 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 Limited	(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
The Independent News Pty Ltd	(a)	Australia	100	100
The Murrumbidgee Irrigator Pty Ltd	(a)	Australia	100	100
The Printing Press Pty Limited (in Liq)		Australia	100	100
The Queanbeyan Age Proprietary Limited	(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
Tofua Holdings Pty Ltd	(c)	Australia	-	100
Trade Me Limited		New Zealand	100	100
Tricom Group Pty Ltd	(a)	Australia	100	100
Trade Me Travel Trustees Limited	(d)	New Zealand	100	100
West Australian Rural Media Pty Ltd	(a)	Australia	100	100
Western 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) Acquired on 1 December 2009.

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

(d) This company was formerly called Vianet Trustee 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 27 June 2010 and consolidated balance sheet as at 27 June 2010, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

(A) BALANCE SHEET

	27 June 2010 $'000	28 June 2009 $'000
Current assets		
Cash and cash equivalents	**59,430**	24,592
Trade and other receivables	**310,909**	289,321
Inventories	**32,502**	35,466
Derivative assets	**-**	46
Held to maturity investments	**11,591**	-
Assets held for sale	**3,176**	5,527
Income tax receivable	**-**	35,978
Total current assets	**417,608**	390,930
Non-current assets		
Receivables	**720,233**	576,037
Investments accounted for using the equity method	**42,734**	44,947
Available for sale investments	**4,239**	2,157
Held to maturity investments	**-**	13,216
Intangible assets	**3,962,668**	4,003,600
Property, plant and equipment	**663,629**	706,638
Derivative assets	**28,065**	130,392
Deferred tax assets	**23,604**	7,266
Other financial assets	**1,397,236**	1,144,266
Total non-current assets	**6,842,408**	6,628,519
Total assets	**7,260,016**	7,019,449
Current liabilities		
Payables	**205,777**	221,662
Interest bearing liabilities	**269,672**	12,259
Derivative liabilities	**12,567**	26,757
Provisions	**96,874**	114,073
Current tax liabilities	**43,425**	1,274
Total current liabilities	**628,315**	376,025

	27 June 2010 $'000	28 June 2009 $'000
Non-current liabilities		
Interest bearing liabilities	**1,194,713**	1,427,075
Derivative liabilities	**85,093**	47,729
Provisions	**45,864**	47,040
Pension liabilities	**4,779**	2,154
Total non-current liabilities	**1,330,449**	1,523,998
Total liabilities	**1,958,764**	1,900,023
Net assets	**5,301,252**	5,119,426
Equity		
Contributed equity	**4,942,677**	4,928,122
Reserves	**(46,640)**	(61,544)
Retained profits	**405,215**	252,848
Total equity	**5,301,252**	5,119,426

(B) INCOME STATEMENT

	27 June 2010 $'000	28 June 2009 $'000
Total revenue	**1,901,430**	1,968,112
Share of net profits/(losses) of associates and joint ventures	**1,709**	(76)
Expenses before finance costs	**(1,494,106)**	(2,185,766)
Finance costs	**(52,760)**	(54,317)
Net profit/(loss) from operations before income tax expense	**356,273**	(272,047)
Income tax expense	**(84,562)**	(22,494)
Net profit/(loss) from operations after income tax expense	**271,711**	(294,541)

30. Acquisition and disposal of controlled entities

(A) ACQUISITIONS

The consolidated entity gained control over the following entities or business assets during the year:

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Find a Babysitter Pty Ltd	Online directory for child care providers	1 December 2009	100%
BookIt Ltd	Online booking provider	22 January 2010	(i)

(i) The business assets of BookIt Limited were acquired.

For additional information refer to Note 31.

(B) DISPOSALS

The consolidated entity did not dispose of any controlled entities during the year.

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

	Recognised on acquisition $'000	Acquiree's carrying amounts $'000
Value of net assets acquired		
Cash and cash receivables	26	26
Property, plant and equipment	7	19
Intangible assets	717	-
Total assets	750	45
Payables	98	13
Current tax liabilities	16	11
Total liabilities	114	24
Value of identifiable net assets	636	21
Goodwill arising on acquisition	4,289	-
Total identifiable net assets and goodwill	4,925	21
Consideration		
Purchase consideration - cash	4,280	
Deferred consideration	645	
Total consideration	4,925	
Net cash outflow on acquisition		
Net cash acquired with subsidiary	26	
Cash paid	(4,280)	
Net cash outflow	(4,254)	

32. Employee benefits

(A) NUMBER OF EMPLOYEES

As at 27 June 2010 the consolidated entity employed 8,778 full-time employees (2009: 8,979) and 1,801 part-time and casual employees (2009: 1,828). This includes 2,164 (2009: 2,254) full-time employees and 378 (2009: 363) 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 Incentive Scheme

2006 - 2007 Equity-based incentive schemes (EBIS)

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

2008 and ongoing 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:

	Consolidated 27 June 2010 $	Consolidated 28 June 2009 $	Company 27 June 2010 $	Company 28 June 2009 $
Audit services				
Ernst & Young Australia				
Audit and review of financial reports	**1,435,000**	1,466,000	**1,435,000**	1,466,000
Affiliates of Ernst & Young Australia				
Audit and review of financial reports	**329,000**	319,000	**329,000**	319,000
Total audit services	**1,764,000**	1,785,000	**1,764,000**	1,785,000
Other assurance services				
Ernst & Young Australia				
Regulatory and contractually required audits	**251,397**	272,840	**-**	-
Other	**94,677**	119,233	**8,240**	59,905
Affiliates of Ernst & Young Australia				
Regulatory and contractually required audits	**316,386**	268,946	**-**	-
Other	**8,929**	13,546	**-**	-
Total other assurance services	**671,389**	674,565	**8,240**	59,905
Total remuneration for assurance services	**2,435,389**	2,459,565	**1,772,240**	1,844,905
Non assurance services				
Ernst & Young Australia				
Other services	**-**	582	**-**	582
Affiliates of Ernst & Young Australia				
Other services	**14,132**	10,765	**-**	-
Total non assurance services	**14,132**	11,347	**-**	582
Total remuneration of auditors	**2,449,521**	2,470,912	**1,772,240**	1,845,487

34. Director and executive disclosures

(A) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

(i) Shareholdings

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

2009	Balance 29 June 2008	Net change Other	Balance 28 June 2009	Post year-end acquisitions	Post year-end disposals	Post year-end balance
Directors						
RJ Walker*	1,035,251	972,948	2,008,199	-	-	2,008,199
RC Corbett	40,091	59,115	99,206	-	-	99,206
D Evans*	52,448	109,934	162,382	-	-	162,382
JB Fairfax	216,482,782	18,943,999	235,426,781	-	-	235,426,781
N Fairfax	2,412,351	1,480,130	3,892,481	-	-	3,892,481
JM King*	46,068	21,135	67,203	-	-	67,203
DE Kirk*	371,280	(371,280)	-	-	-	-
B McCarthy	1,463,027	201,016	1,664,043	-	-	1,664,043
R Savage	19,996	27,903	47,899	-	-	47,899
P Young	25,183	106,564	131,747	-	-	131,747
Key management personnel						
G Hambly	133,772	44,809	178,581	-	-	178,581
J Matthews	-	46,667	46,667	-	-	46,667
J Withers*	3,296	-	3,296	-	-	3,296
S Narayan**	57,888	94,042	151,930	-	-	151,930
B Cassell**	775,847	285,167	1,061,014	-	-	1,061,014
Total	222,919,280	22,022,149	244,941,429	-	-	244,941,429

* 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.

** B Cassell replaced S Narayan as Chief Financial Officer in May 2009.

Stapled Preference Shares (SPS)

SPS held, acquired or disposed of in the financial year ended 27 June 2010 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 28 June 2009	Granted as remuneration	Net change Other ***	Closing Balance 27 June 2010
Directors				
B McCarthy	694,479	255,920	-	950,399
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

	Opening Balance 29 June 2008	Granted as remuneration	Net change Other ***	Closing Balance 28 June 2009
Directors				
DE Kirk*	739,511	857,489	(1,403,326)	193,674
B McCarthy	292,299	402,180	-	694,479
Key management personnel				
G Hambly	139,512	110,969	(36,409)	214,072
J Matthews	107,648	126,101	-	233,749
J Withers*	-	-	-	-
S Narayan*	256,848	269,016	(486,340)	39,524
B Cassell**	87,983	121,057	-	209,040
Total	1,623,801	1,886,812	(1,926,075)	1,584,538

* 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.

** B Cassell replaced S Narayan as Chief Financial Officer in May 2009.

*** 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 27 June 2010 (2009: 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 27 June 2010 and 28 June 2009.

(D) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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

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

Disclosures relating to key management personnel are set out in Note 34.

(D) TRANSACTIONS WITH RELATED PARTIES

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

	Sales to related parties $'000	Purchases from related parties $'000	Amount owed by related parties $'000	Amount owed to related parties $'000
Consolidated				
27 June 2010	4,507	18,357	2,539	104
28 June 2009	4,986	17,876	2,606	458
Company				
27 June 2010	-	-	-	-
28 June 2009	-	-	-	-

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

36. Notes to the cash flow statements

	Note	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000	Company 27 June 2010 $'000	Company 28 June 2009 $'000
(A) RECONCILIATION OF NET PROFIT/(LOSS) AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES					
Net profit/(loss) for the financial year		**282,377**	(381,088)	**(722)**	(245,175)
Non-cash items					
Depreciation and amortisation	3(B)	**113,623**	117,556	**3,439**	7,363
Impairment of property, plant and equipment, intangibles and investments		**6,436**	569,091	**-**	214,000
Amortisation of borrowing costs		**4,422**	3,917	**-**	-
Share of profits of associates and joint ventures not received as dividends or distributions		**491**	1,325	**-**	-
Straight-line rent adjustment		**1,290**	1,658	**-**	-
Net loss on disposal of property, plant and equipment		**1,732**	264	**18**	6
Net (gain)/loss on disposal of investments and other assets		**(322)**	5,224	**-**	5,533
Fair value adjustment to derivatives		**(2,360)**	(1,071)	**-**	-
Gain on repurchase of medium term notes		**-**	(5,167)	**-**	-
Net foreign currency loss		**843**	3,173	**-**	-
Share-based payment expense		**3,297**	2,237	**3,297**	2,237
Non-cash superannuation expense		**1,136**	982	**-**	-
Changes in operating assets and liabilities, net of effects from acquisitions					
(Increase)/decrease in trade receivables		**(45,410)**	84,261	**-**	(14)
Decrease in other receivables		**76**	16,396	**3,808**	2,446
Decrease in inventories		**1,584**	1,643	**-**	-
Decrease in other assets		**-**	2,307	**-**	-
Decrease in payables		**(9,826)**	(3,073)	**(517)**	(978)
(Decrease)/increase in provisions		**(16,760)**	5,451	**(298)**	(485)
Increase/(decrease) in tax balances		**106,990**	(40,189)	**11,383**	(17,272)
Net cash inflow/(outflow) from operating activities		**449,619**	384,897	**20,408**	(32,339)

(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	**117,872**	69,124	**1,680**	1,680
Total cash at end of the financial year	**117,872**	69,124	**1,680**	1,680

(C) NON-CASH INVESTING AND FINANCING ACTIVITIES

Dividends satisfied by the issue of shares under the dividend reinvestment plan are shown in Note 22(A).

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;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies;
- distributions to shareholders are maintained at a payout ratio of approximately 20% of net profit; and
- where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to possible returns of equity to shareholders.

The Group's financial strategy is to maintain the net debt to underlying EBITDA ratio at a level consistent with an investment grade rating. In May 2009, the Group's S&P credit rating was reduced from BBB- to BB+. Notwithstanding this restatement, the Group's target credit rating remains investment grade.

The net debt to EBITDA ratio for the Group at 27 June 2010 and 28 June 2009 is as follows:

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Net debt for financial covenant purposes	18	**1,435,002**	1,782,348
EBITDA *		**644,586**	610,226
Net debt to EBITDA ratio		**2.23**	2.92

* 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 or (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:

Consolidated
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	-	-	379,099	379,099
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	385,913	559,728
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

Consolidated
As at 28 June 2009

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	69,124	-	-	69,124
Trade and other receivables	-	-	346,946	346,946
Available for sale investments	-	-	2,157	2,157
Held to maturity investments	13,216	-	-	13,216
Other financial assets	-	-	1,175	1,175
Derivatives	47,873	104,869	-	152,742
Total financial assets	130,213	104,869	350,278	585,360
Financial liabilities				
Payables	-	-	300,479	300,479
Interest bearing liabilities:				
Bank borrowings and loans	301,171	20,389	-	321,560
Senior notes	30,976	607,395	-	638,371
Eurobonds	-	607,537	-	607,537
Medium term notes	-	167,481	-	167,481
Finance lease liability	25,338	-	-	25,338
Redeemable preference shares (RPS)	-	147,978	-	147,978
Total interest bearing liabilities	357,485	1,550,780	-	1,908,265
Derivatives	18,125	55,612	-	73,737
Total financial liabilities	375,610	1,606,392	300,479	2,282,481

Company
As at 27 June 2010

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	1,680	-	-	1,680
Trade and other receivables	-	398,566	1,673,414	2,071,980
Total financial assets	1,680	398,566	1,673,414	2,073,660
Financial liabilities				
Payables	-	-	14,843	14,843
Total financial liabilities	-	-	14,843	14,843

Company
As at 28 June 2009

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	1,680	-	-	1,680
Trade and other receivables	-	398,566	1,651,577	2,050,143
Total financial assets	1,680	398,566	1,651,577	2,051,823
Financial liabilities				
Payables	-	-	14,946	14,946
Total financial liabilities	-	-	14,946	14,946

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% (2009: 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 27 June 2010 from around 4.96% to 6.45% representing a 149 basis point shift (2009: 97 basis point shift).

In 2010, 84% (2009: 86%) 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If interest rates were 30% higher with all other variables held constant - increase/(decrease)	**(3,969)**	(6,397)	**2,906**	1,554
If interest rates were 30% lower with all other variables held constant - increase/(decrease)	**3,969**	6,397	**(3,262)**	(1,307)

(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 1.0392 and a 15% stronger Australian Dollar in an exchange rate of 1.4060 based on the year end rate of 1.2226. 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 1.04 to 1.32.

	Impact on post-tax profit		Impact on equity (hedging reserves) *	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the NZD with all other variables held constant - increase/(decrease)	**4,497**	5,457	**(30,927)**	(21,838)
If the AUD exchange rate was 15% stronger against the NZD with all other variables held constant - increase/(decrease)	**(3,862)**	(2,460)	**22,859**	20,496

* 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 0.7424 and a 15% stronger Australian Dollar in an exchange rate of 1.0044 based on the year end rate of 0.8734. 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 0.61 to 0.98.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the USD with all other variables held constant - increase/(decrease)	**(32)**	(499)	**3,067**	2,710
If the AUD exchange rate was 15% stronger against the USD with all other variables held constant - increase/(decrease)	**(1,313)**	322	**(1,896)**	(2,224)

(c) AUD / EUR

Comparing the Australian Dollar exchange rate against the Euro, a 15% weaker Australian Dollar would result in an exchange rate of 0.5999 and a 15% stronger Australian Dollar in an exchange rate of 0.8117 based on the year end rate of 0.7058. 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 0.47 to 0.72.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the AUD exchange rate was 15% weaker against the Euro with all other variables held constant - increase/(decrease)	**3,348**	-	**(1,163)**	2,304
If the AUD exchange rate was 15% stronger against the Euro with all other variables held constant - increase/(decrease)	**3,338**	(2,200)	**(4,228)**	(72)

(d) NZD / EUR

Comparing the New Zealand Dollar exchange rate against the Euro, a 15% weaker New Zealand Dollar would result in an exchange rate of 0.4900 and a 15% stronger New Zealand Dollar in an exchange rate of 0.6630 based on the year end rate of 0.5765. This range is considered reasonable given over the last five years, the New Zealand Dollar exchange rate against the Euro has traded in the range of 0.39 to 0.62.

	Impact on post-tax profit		Impact on equity (cash flow hedge reserve)	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Consolidated				
If the NZD exchange rate was 15% weaker against the Euro with all other variables held constant - increase/(decrease)	**-**	-	**-**	330
If the NZD exchange rate was 15% stronger against the Euro with all other variables held constant - increase/(decrease)	**-**	-	**-**	(268)

* Amounts disclosed in Australian Dollar terms

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

(C) CREDIT RISK

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

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

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 27 June 2010 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 27 June 2010.

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 27 June 2010	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(276,580)	-	-	-	(14,843)	-
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)	-	-

As at 28 June 2009

	Consolidated (Nominal cash flows)				Company (Nominal cash flows)	
	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	More than 5 years $'000	1 year or less $'000	1 to 2 years $'000
Financial liabilities*						
Payables	(300,479)	-	-	-	(14,946)	-
Bank borrowings and loans	(24,392)	(257,850)	(35,953)	(15,533)	-	-
Notes and bonds	(84,834)	(314,721)	(749,522)	(598,378)	-	-
Finance lease liability	(8,126)	(8,441)	(27,424)	(12,467)	-	-
Redeemable Preference Shares (RPS)	(153,223)	-	-	-	-	-
Derivatives - inflows*						
Cross currency swaps - foreign leg (fixed)**	218,533	127,283	793,481	504,759	-	-
Cross currency swaps - foreign leg (variable)**	363	363	1,088	31,349	-	-
Forward foreign currency contracts**	7,743	-	-	-	-	-
Derivatives - outflows*						
Cross currency swaps - AUD leg (fixed)**	(206,303)	(24,110)	(241,933)	(154,622)	-	-
Cross currency swaps - AUD leg (variable)**	(23,942)	(94,843)	(392,234)	(185,472)	-	-
Cross currency swaps - NZD leg (variable)**	(9,352)	(9,352)	(93,533)	(188,987)	-	-
Interest rate swaps ***	(16,846)	(16,846)	(25,284)	(6,328)	-	-
Forward foreign currency contracts**	(7,880)	-	-	-	-	-

* 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 2010 $'000	Fair value 2010 $'000	Carrying value 2009 $'000	Fair value 2009 $'000
Consolidated				
Financial assets				
Cash and cash equivalents	**117,872**	**117,872**	69,124	69,124
Receivables	**379,099**	**379,099**	346,932	346,932
Derivative assets	**44,352**	**44,352**	152,915	152,915
Available for sale investments	**4,239**	**4,239**	2,157	2,157
Held to maturity investments	**11,591**	**10,351**	13,216	13,216
Other financial assets	**2,575**	**2,575**	1,175	1,175
	559,728	**558,488**	585,519	585,519
Financial liabilities				
Payables	**276,580**	**276,580**	300,479	300,479
Interest bearing liabilities:				
Bank borrowings	**196,840**	**196,840**	321,560	321,558
Eurobonds	**494,068**	**495,589**	607,537	609,741
Senior notes	**597,962**	**599,764**	638,371	640,583
Medium term notes	**167,587**	**167,700**	167,481	167,700
Finance lease liability	**22,004**	**40,956**	25,338	36,187
Redeemable preference shares (RPS)	**-**	**-**	147,978	149,123
Derivative liabilities	**97,660**	**97,660**	74,487	74,487
	1,852,701	**1,875,089**	2,283,231	2,299,858
Company				
Financial assets				
Cash and cash equivalents	**1,680**	**1,680**	1,680	1,680
Receivables	**2,071,980**	**2,071,980**	2,050,143	2,050,143
	2,073,660	**2,073,660**	2,051,823	2,051,823
Financial liabilities				
Payables	**14,843**	**14,843**	14,946	14,946
	14,843	**14,843**	14,946	14,946

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 2.66% to 13.37% (2009: 2.66% to 13.38%).

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

As of 27 June 2010, the Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated				
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**

The Company does not have any financial assets or financial liabilities measured at fair value as at 27 June 2010.

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 27 June 2010 is as follows:

	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**

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
28 June 2009						
Australian Regional Media	525,578	(15,954)	**509,624**	151,683	(8,405)	**143,278**
Metropolitan Media	924,946	(1,446)	**923,500**	101,863	(13,440)	**88,423**
Specialist Media	298,258	(45)	**298,213**	61,504	(3,455)	**58,049**
New Zealand Media	410,117	(1,200)	**408,917**	84,187	(6,866)	**77,321**
Printing Operations	537,735	(440,412)	**97,323**	108,814	(68,196)	**40,618**
Online	187,172	(347)	**186,825**	90,784	(10,268)	**80,516**
Broadcasting	106,279	-	**106,279**	24,895	(2,141)	**22,754**
Other *	71,294	-	**71,294**	(18,725)	(4,469)	**(23,194)**
Consolidated entity	3,061,379	(459,404)	**2,601,975**	605,005	(117,240)	**487,765**

* Other includes results of the Southern Star Group and REPA

(C) OTHER SEGMENT INFORMATION

(i) Segment revenue

Segment revenue reconciles to total revenue and income as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
Total segment revenue from external customers	**2,484,599**	2,601,975
Interest income	**7,943**	4,430
Share of net profits of associates and joint ventures	**(2,226)**	(2,050)
Gain on repurchase of medium term notes	**-**	5,167
Total revenue and income	**2,490,316**	2,609,522

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 $2,016.2 million (2009: $2,120.7 million), and the amount of revenue from external customers in New Zealand is $474.1 million (2009: $488.8 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 profit/(loss) before income tax is provided as follows:

	Consolidated 27 June 2010 $'000	Consolidated 28 June 2009 $'000
EBIT	**525,433**	487,765
Interest income	**7,943**	4,430
Gain on repurchase of medium term notes	**-**	5,167
Finance costs	**(135,911)**	(179,291)
Impairment of mastheads, licences, goodwill and investments	**-**	(551,708)
Impairment of property, plant and equipment	**-**	(23,228)
Restructuring and redundancy charges	**-**	(85,694)
Onerous lease property costs	**-**	(8,857)
Net profit/(loss) before tax	**397,465**	(351,416)

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 28 June 2009. There were no non-recurring items included in EBIT in the current period.

	Australian Regional Media $'000	Metropolitan Media $'000	Specialist Media $'000	New Zealand Media $'000	Printing Operations $'000	Online $'000	Broadcasting $'000	Other $'000
28 June 2009								
Onerous lease property costs	-	4,227	1,234	63	-	-	774	2,559
Impairment of mastheads, licences, goodwill and investments	66,074	285,438	27,709	63,371	-	-	70,395	-
Impairment of property, plant and equipment	4,568	1,467	-	-	16,000	-	1,193	-
Restructuring and redundancy charges	3,999	42,147	1,179	9,845	11,859	3,393	92	13,180

(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 $6,091.7 million (2009: $6,398.1 million), and the total of these non-current assets located in New Zealand is $680.5 million (2009: $418.5 million). Segment assets are allocated to countries based on where the assets are located.

39. Events subsequent to balance sheet date

No significant events subsequent to the balance sheet date have occurred.