

**John Fairfax Holdings Limited**  
**ABN 15 008 663 161**

**Half Year Report**  
**31 December 2003**

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# Directors' Report

The directors present their report on the consolidated entity of John Fairfax Holdings Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2003 and the review report thereon.

## Directors

The directors of the Company in office during the half year ended 31 December 2003 and at the date of this report are:

- Mr Dean Wills AO  
Independent Chairman
- Mr Mark Burrows  
Independent Director
- Sir Roderick Carnegie AC  
Independent Director
- Mr Roger Corbett AM  
Independent Director
- Mr David Gonski AO  
Independent Director
- Mr Frederick G. Hilmer AO  
Chief Executive Officer
- Ms Margaret Jackson AC  
Independent Director
- Mrs Julia King  
Independent Director
- Mr Ronald Walker AC, CBE  
Independent Director

## Review and results of operations

The consolidated entity recorded a net after tax profit pre-significant item for the six months ended 31 December 2003 of \$100.1 million, up 43.0% from last year's first half net profit of \$70.0 million. Group earnings before interest and tax was \$180.9 million.

As a result of the introduction of tax consolidation, the consolidated entity's full net profit after tax (pre-PRESSES dividend) was \$162.4 million. The one-off tax gain of \$62.3 million is treated as a significant item. There were no other significant items in the half.

The company's results reflect for the first time the acquisition of the New Zealand publishing business from INL, which was completed on 30 June 2003.

Over the period, cash generation was strong with net debt reduced by approximately \$100 million.

With regard to the consolidated entity's Australian business (compared with the previous corresponding period):

- Total revenue increased 5.0% to \$639.2 million.
- Advertising revenue increased 6.3% to \$519.9 million.
- Earnings before interest, tax, depreciation and amortisation increased 7.9% to \$153.2 million.
- Earnings before interest and tax increased 5.3% to \$118.1 million.

With regard to the Fairfax New Zealand business:

- Revenues were \$240.3 million, an increase of 10.4% over the previous corresponding period.
- Earnings before interest, tax, depreciation and amortisation was \$69.2 million.
- Earnings before interest and tax was \$63.0 million.

In light of these results, the Board has announced an interim dividend of 5.5 cents, fully franked, an increase of 0.5 cents, or 10% over last year.

Three factors underlie this first half result:

First, in New Zealand we have registered strong earnings and trading performance due to higher than expected revenue growth, successful cost containment and orderly transition of the business to Fairfax ownership.

Second, there has been steady improvement in Australia as the display market in particular continues to strengthen and as we reap the benefits of the investment in new printing facilities at Tullamarine and Chullora.

## Directors' Report (continued)

Third, the introduction of tax consolidation, while a one-off significant item, will provide longer term underlying growth in the company's cash flow in the order of \$6 million per year through reductions in tax payments over time.

### Key Areas of Activity

**Fairfax New Zealand.** This has been an excellent acquisition for the company and has been completed successfully. All aspects of the business are performing well, as reflected in the earnings for the first half. Revenues were higher, and costs were lower, than our initial targets when the acquisition was completed.

**Tullamarine and Chullora.** Printing operations continue to improve at Tullamarine, with better on-time performance. Colour take-up levels from display advertising clients are growing at the metropolitan newspapers. Production quality at both facilities is excellent.

**Costs.** Cost discipline has been maintained in the Australian operations. Publishing costs increased by 3.6% over the previous corresponding period, reflecting underlying inflation, increases in marketing and promotions, and extra start-up costs at Tullamarine. Overall costs in the Australian businesses totalled \$486.0 million, 4.1% up on last year's level. In November, we also successfully completed a new, 3-year Enterprise Bargaining Agreement with our journalists.

### Australian Newspaper Franchises

**Metropolitan papers.** Advertising revenues increased 3.2% to \$347.6 million. Revenue growth accelerated as the first half progressed, with display advertising up strongly. There were small increases in motor vehicle and real estate classifieds, while employment classifieds declined, reflecting continuing weakness in the white collar employment markets in Sydney and Melbourne. Circulation revenue was up 3.4% over last year, with weekday circulation up at *The Age* and steady at *The Sydney Morning Herald*, and weekend circulation down at the SMH and up at *The Age*.

**Fairfax Business Media.** FBM enjoyed improved trading conditions, with revenue growth, particularly at *The Australian Financial Review*, from stronger display advertising in recovering sectors such as employment, travel and leisure, and commercial property. There were some circulation gains, especially at BRW.

**Regional and Community Newspapers.** Compared to the first half 2003, our regional and community publications registered EBITDA growth of over 20%. *The Newcastle Herald*, *Illawarra Mercury* and *Warrumbungle Standard* continue to post both strong advertising and circulation growth. New suburban titles have been launched in Sydney and Melbourne, complementing the strong growth in our existing titles.

f2. f2 posted a revenue gain of \$6.0 million, or 51.3%, resulting in an earnings before interest, tax, depreciation and amortisation of \$1.7 million. Classified revenues continue to grow substantially, and web traffic continues at record levels.

### Rounding off

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors.



**David M. Gonski AO**  
Chairman, Audit and Risk Committee



**Frederick G. Hilmer AO**  
Chief Executive Officer and Director

Sydney, 19 February 2004.

# Consolidated Statement of Financial Performance

for the half year ended 31 December 2003

John Fairfax Holdings Limited and controlled entities

	Note	December 2003 \$' 000	December 2002 \$' 000
Revenues from ordinary activities, excluding interest income	2	883,206	615,908
Share of net profits of associates	2	78	1,168
Expenses from ordinary activities, excluding depreciation and borrowing costs	3	(661,014)	(475,063)
Profit from ordinary activities before depreciation, interest income, borrowing costs and income tax		222,270	142,013
Depreciation and amortisation	3	(41,344)	(29,783)
Profit from ordinary activities before interest income, borrowing costs and income tax		180,926	112,230
Interest income	2	5,414	3,214
Borrowing costs	3	(37,403)	(13,861)
<b>Profit from ordinary activities before income tax expense</b>		<b>148,937</b>	<b>101,583</b>
Income tax benefit/(expense) relating to ordinary activities		13,865	(31,582)
<b>Net profit</b>		<b>162,802</b>	<b>70,001</b>
Net profit attributable to outside equity interest		(362)	-
<b>Net profit attributable to members of the Company*</b>		<b>162,440</b>	<b>70,001</b>
Increase in retained profits on adoption of revised accounting standard AASB 1044		-	51,457
Net exchange difference on translation of financial report of foreign controlled entities		(1,658)	416
Share issue costs		(268)	-
<b>Total revenues, expenses and valuation adjustments attributable to members of the Company and recognised directly into equity</b>		<b>(1,926)</b>	<b>51,873</b>
<b>Total changes in equity other than those resulting from transactions with owners</b>		<b>160,514</b>	<b>121,874</b>
Basic earnings per share (cents)	5	17.56	8.39
Diluted earnings per share (cents)	5	17.02	8.39
<b>* Net profit attributable to members of the Company comprises:</b>			
Ongoing operations		100,054	70,001
Significant items referred to in Note 3(d), net		62,386	-
		<b>162,440</b>	<b>70,001</b>

The Statement of Financial Performance is to be read in conjunction with the notes to the half year financial statements set out on pages 6 to 10.

# Consolidated Statement of Financial Position

as at 31 December 2003

John Fairfax Holdings Limited and controlled entities

	December 2003 \$' 000	June 2003 \$' 000
<b>Current assets</b>		
Cash assets	30,724	19,446
Receivables	248,864	257,481
Inventories	40,215	40,903
Other financial assets	1,080	1,008
Tax assets	-	221
<b>Total current assets</b>	<b>320,883</b>	<b>319,059</b>
<b>Non-current assets</b>		
Receivables	2,967	2,239
Investments accounted for using the equity method	7,117	7,031
Other financial assets	15,703	34,745
Property, plant and equipment	785,146	819,726
Intangible assets	2,201,146	2,203,888
Tax assets	36,139	39,463
<b>Total non-current assets</b>	<b>3,048,218</b>	<b>3,107,092</b>
<b>Total assets</b>	<b>3,369,101</b>	<b>3,426,151</b>
<b>Current liabilities</b>		
Payables	191,010	278,634
Interest-bearing liabilities	575,608	645,608
Current tax liabilities	16,723	-
Provisions	52,967	49,500
<b>Total current liabilities</b>	<b>836,308</b>	<b>973,742</b>
<b>Non-current liabilities</b>		
Non interest-bearing liabilities	389	972
Interest-bearing liabilities	551,801	574,154
Deferred tax liabilities	180	60,418
Provisions	36,172	35,103
<b>Total non-current liabilities</b>	<b>588,542</b>	<b>670,647</b>
<b>Total liabilities</b>	<b>1,424,850</b>	<b>1,644,389</b>
<b>Net assets</b>	<b>1,944,251</b>	<b>1,781,762</b>
<b>Equity</b>		
Contributed equity	1,310,156	1,229,492
Reserves	5,438	7,096
Retained profits	623,973	540,852
<b>Total parent entity interest in equity</b>	<b>1,939,567</b>	<b>1,777,440</b>
Outside equity interest	4,684	4,322
<b>Total equity</b>	<b>1,944,251</b>	<b>1,781,762</b>

The Statement of Financial Position is to be read in conjunction with the notes to the half year financial statements set out on pages 6 to 10.

# Consolidated Statement of Cash Flows

for the half year ended 31 December 2003

John Fairfax Holdings Limited and controlled entities

	December 2003 \$' 000	December 2002 \$' 000
<b>Cash flows from operating activities</b>		
Receipts from customers	977,287	695,623
Payments to suppliers and employees	(813,865)	(557,351)
Redundancy and severance payments	(7,807)	-
Dividends and unit trust income received	1,025	435
Interest received	5,414	3,214
Borrowing costs paid	(36,709)	(13,510)
Net income taxes (paid)/received	(26,106)	40,192
<b>Net cash provided by operating activities</b>	<b>99,239</b>	<b>168,603</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant & equipment	(9,027)	(32,686)
Proceeds from sale of property, plant & equipment	3,263	7,322
Payment for investments and other financial assets	(737)	-
Proceeds from sale of investments	541	1,852
Payment for mastheads and tradenames	(205)	(53)
Loans and deposits repaid	655	-
<b>Net cash used in investing activities</b>	<b>(5,510)</b>	<b>(23,565)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	80,664	-
Dividends paid	(79,318)	(59,792)
Repayment of borrowings and other financial liabilities	(83,797)	(37,318)
<b>Net cash used in financing activities</b>	<b>(82,451)</b>	<b>(97,110)</b>
<b>Net increase in cash held</b>	<b>11,278</b>	<b>47,928</b>
Cash at the beginning of the financial year	19,446	7,299
<b>Cash at the end of the half year</b>	<b>30,724</b>	<b>55,227</b>

The Statement of Cash Flows is to be read in conjunction with the notes to the half year financial statements set out on pages 6 to 10.

# Notes to the Financial Statements for the half year ended 31 December 2003

John Fairfax Holdings Limited and controlled entities

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## 1. Statement of accounting policies

### (a) Basis of preparation

This general purpose financial report for the interim half year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The half year financial report has been prepared in accordance with the historical cost convention.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2003 and any public announcements made by John Fairfax Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial period.

### (b) Entry into tax consolidation

The consolidated entity elected for its resident wholly owned controlled entities to form a tax consolidation group on 1 July 2003.

The election to tax consolidate on 1 July 2003 has had a significant impact on the tax assets and tax liabilities of the consolidated entity. The effect of resetting certain tax values on entering tax consolidation during the half-year ended 31 December 2003 is a net credit to income tax of \$62.4 million. The consolidated entity is continuing to assess the effect of resetting certain tax values and has recorded only those effects which are considered to be certain as at 31 December 2003. Management will continue to assess the impact of tax consolidation and will complete this assessment by 30 June 2004.

The consolidated entity will formally notify the Australian Taxation Office of its adoption of the tax consolidation regime at the time of lodgement of the 2004 income tax return.

# Notes to the Financial Statements for the half year ended 31 December 2003

## John Fairfax Holdings Limited and controlled entities

	December 2003 \$' 000	December 2002 \$' 000
<b>2. Revenue from ordinary activities</b>		
<b>Revenue from operating activities</b>		
Revenue generated from sale of:		
Newspapers	761,221	524,338
Magazines	84,907	59,799
Other	28,155	17,234
	<u>874,283</u>	<u>601,371</u>
Revenue from rendering of services	4,094	5,779
Dividend income:		
Other corporations	687	200
Distributions from unit trusts	338	235
	<u>879,402</u>	<u>607,585</u>
<b>Underlying revenue from ordinary activities</b>		
<b>Revenue from non-operating activities</b>		
Proceeds from sale of property, plant and equipment	3,263	7,322
Proceeds from sale of investments	541	1,001
	<u>883,206</u>	<u>615,908</u>
<b>Interest income:</b>		
Other persons / corporations	5,414	3,214
	<u>888,620</u>	<u>619,122</u>
<b>Total revenue from ordinary activities</b>	<b>888,620</b>	<b>619,122</b>
<b>Share of associate's net profit accounted for using the equity method</b>	<b>78</b>	<b>1,168</b>
<b>3. Expenses from ordinary activities</b>		
<b>a) Expenses by nature</b>		
Staff costs	284,255	200,044
Newsprint and paper	127,423	101,873
Distribution and other production costs	104,323	65,493
Promotion and advertising costs	33,161	20,625
Write-down of non-current assets	528	1,520
Cost of disposals	3,102	6,503
Rent and outgoings	15,988	11,469
Repairs and maintenance	9,579	7,307
Communication costs	7,478	5,000
News services	5,367	5,112
Computer costs	5,397	3,810
Fringe benefits tax	3,744	2,606
Other expenses from ordinary activities	60,669	43,701
	<u>661,014</u>	<u>475,063</u>
<b>Total expenses before borrowing costs, depreciation and amortisation</b>	<b>661,014</b>	<b>475,063</b>
<b>Underlying expenses from ordinary activities</b>	<b>661,014</b>	<b>475,063</b>

# Notes to the Financial Statements for the half year ended 31 December 2003

## John Fairfax Holdings Limited and controlled entities

	December 2003 \$' 000	December 2002 \$' 000
<b>3. Expenses from ordinary activities (cont)</b>		
<b>b) Detailed expense disclosures</b>		
Interest expense:		
Other persons / corporations	34,043	10,450
Finance charges on capitalised leases	3,360	3,411
Total borrowing costs	37,403	13,861
Depreciation of freehold property	1,483	766
Depreciation of plant and equipment	39,120	28,235
Amortisation of leasehold property	674	782
Amortisation of goodwill	67	-
Total depreciation and amortisation	41,344	29,783
Cost of sales	311,742	230,378
Amounts provided for:		
Employee entitlements	24,305	18,817
Doubtful trade debts	1,760	1,212
Other	728	1,810
Total amounts set aside to provisions	26,793	21,839
Operating lease rental expense	10,440	8,008
<b>c) Gains/(Losses)</b>		
Net foreign exchange profit	21	-
Net profit on disposal of property, plant & equipment	702	1,793
Net profit on disposal of other financial assets	-	29
<b>d) Significant items</b>		
Profit from ordinary activities after income tax includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the Consolidated entity:		
Effect of entry into tax consolidations	62,386	-

Refer Note 1(b): "Entry into tax consolidation" for further details regarding the above income tax benefit

	December 2003 \$' 000	June 2003 \$' 000
<b>4. Dividends paid and proposed</b>		
<b>Dividends paid during the half year</b>		
Ordinary shares	70,135	88,212
PRESSES	9,183	16,625
Total franked dividends provided for or paid	79,318	104,837

# Notes to the Financial Statements for the half year ended 31 December 2003

John Fairfax Holdings Limited and controlled entities

## 4. Dividends paid and proposed (cont)

### Dividends proposed and not recognised as a liability

Since the end of the half-year the directors have recommended the payment of an interim dividend of 5.5 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the proposed interim dividend expected to be paid on 6 April 2004 out of the retained profits at 31 December 2003, but not recognised as a liability at the end of the half year in accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" is \$49.0 million.

	December 2003 \$' 000	December 2002 \$' 000
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## 5. Earnings per share

### Earnings reconciliation - basic

Net profit attributable to members of the Company:

Before significant items	100,054	70,001
Less dividend paid on PRESSES	<u>(9,183)</u>	<u>(8,335)</u>

<b>Basic earnings before significant items and associate profits</b>	<b>90,871</b>	<b>61,666</b>
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Net profit attributable to members of the Company:

After significant items	162,440	70,001
Less dividend paid on PRESSES	<u>(9,183)</u>	<u>(8,335)</u>

<b>Basic earnings after significant items and associate profits</b>	<b>153,257</b>	<b>61,666</b>
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### Earnings reconciliation – diluted

Net profit attributable to members of the Company:

Before significant items	100,054	70,001
Less dividend paid on PRESSES	<u>(9,183)</u>	<u>(8,335)</u>

<b>Diluted earnings before significant items and associate profits</b>	<b>90,871</b>	<b>61,666</b>
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Net profit attributable to members of the Company:

After significant items	162,440	70,001
Less dividend paid on PRESSES	<u>-</u>	<u>(8,335)</u>

<b>Diluted earnings after significant items and associate profits</b>	<b>162,440</b>	<b>61,666</b>
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### Weighted average number of ordinary shares used in calculating basic EPS before and after significant items

Options	872,988,288	735,099,876
	<u>342,384</u>	<u>250,679</u>

<b>Weighted average number of ordinary shares used in calculating diluted EPS before significant items</b>	<b>873,330,672</b>	<b>735,350,555</b>
PRESSES	<u>81,351,396</u>	<u>-</u>

<b>Weighted average number of ordinary shares used in calculating diluted EPS after significant items</b>	<b>954,682,068</b>	<b>735,350,555</b>
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### Basic earnings per share (cents) based on net profit attributable to members of the Company

After significant items	17.56	8.39
Before significant items	<b>10.41</b>	8.39

### Diluted earnings per share (cents) based on net profit attributable to members of the Company

After significant items	17.02	8.39
Before significant items	<b>10.41</b>	8.39

# Notes to the Financial Statements for the half year ended 31 December 2003

## John Fairfax Holdings Limited and controlled entities

### 5. Earnings per share (cont)

At 31 December 2003, all potential ordinary shares are dilutive and included in the diluted EPS calculation after significant items. In accordance with AASB 1027 "Earnings per Share", the Company has 81,351,396 potential ordinary shares (PRESSES) which are not dilutive and not included in the diluted EPS calculation before significant items. As at 31 December 2002, the Company had 87,070,696 potential ordinary shares (PRESSES) which were not dilutive and were not included in the diluted EPS calculation.

### 6. Contingent liabilities

There have been no material changes in contingent liabilities since the year ended 30 June 2003.

### 7. Segment reporting

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

Geographic Segment	Australia		New Zealand		Eliminations		Consolidated	
	Dec 2003 6 months \$'000	Dec 2002 6 months \$'000	Dec 2003 6 months \$'000	Dec 2002 6 months \$'000	Dec 2003 6 months \$'000	Dec 2002 6 months \$'000	Dec 2003 6 months \$'000	Dec 2002 6 months \$'000
<b>Revenue</b>								
Sales to customers outside the economic entity	634,083	601,371	240,200	-	-	-	874,283	601,371
Other revenue from customers outside the economic entity	4,094	5,779	-	-	-	-	4,094	5,779
Share of equity accounted profits	78	1,168	-	-	-	-	78	1,168
Total segment revenue	638,255	608,318	240,200	-	-	-	878,455	608,318
Unallocated revenue								
Interest income							5,414	3,214
Dividend income & distributions from unit trusts							1,025	435
Proceeds from sale of property, plant & equipment and investments							3,804	8,323
Total revenue from ordinary activities							888,698	620,290
<b>Result</b>								
Segment result	123,485	115,444	62,855	-	-	-	186,340	115,444
Unallocated expenses								
Borrowing costs							(37,403)	(13,861)
Consolidated profit from ordinary activities before income tax benefit/(expense)								
							148,937	101,583
Income tax benefit/(expense)								
							13,865	(31,582)
Consolidated profit from ordinary activities after income tax benefit/(expense)								
							162,802	70,001

### 8. Subsequent events

On 10 November 2003, the consolidated entity made a conditional take-over offer for the ordinary shares in The Text Media Group Limited that it did not already own at a price of \$2.33 per share. Previously in March 2003, the consolidated entity had acquired approximately 10.5% of The Text Media Group Limited in on-market purchases. Its voting power on 10 November was 19.9%. Conditions of the take-over offer bid, including a 90% voting power minimum acceptance, were satisfied on 12 January 2004. The expected cost to the consolidated entity of acquiring all the ordinary shares in The Text Media Group Limited including its existing 10.5% stake is \$67.3 million.

On 3 February 2004, the consolidated entity announced that it will close its printing operations at Spencer Street, Melbourne effective 12 March 2004. As a result, 86 printing and maintenance employees will be made redundant. It is expected that the net cost of the closure in the second half of the 2004 financial year will be between \$6 to \$10 million. The minimal carrying value of assets at the plant is expected to be covered by transfer and sale of plant and equipment.

On 30 October 2003, the consolidated entity confirmed terms and pricing of an issue of unsecured senior notes to the value of US \$230 million into the private placement market in the United States. Maturities of the issue range from seven to fifteen years. Completion of the issue occurred on 15 January 2004.

The financial impact of the above events has not been recognised as at 31 December 2003.

## Directors' Declaration

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


In the opinion of the directors :

- a) the financial statements and notes of the consolidated entity set out on pages 6 to 10 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance as represented by the results of its operations and cash flows for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



**David M. Gonski AO**  
Chairman, Audit and Risk Committee



**Frederick G. Hilmer AO**  
Chief Executive Officer and Director

Sydney, 19 February 2004

## Independent review report to members of John Fairfax Holdings Limited

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both John Fairfax Holdings Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company for the half-year ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review approach*

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Fairfax Holdings Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



David Simmonds  
Partner  
Sydney, 19 February 2004