

John Fairfax Holdings Limited
ABN 15 008 663 161

Half Year Report
31 December 2004

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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 2004 and the review report thereon.

Directors

The directors of the Company in office during the half year ended 31 December 2004 and at the date of this report are:

- Mr Dean Wills, AO
Non-Executive Chairman
- Mr Ronald Walker, AC, CBE
Non-Executive Deputy Chairman
- Mr Mark Burrows
Non-Executive Director
- Sir Roderick Carnegie, AC
Non-Executive Director
Resigned from the Board on 17 September 2004
- Mr Roger Corbett, AM
Non-Executive Director
- Mr David Gonski, AO
Non-Executive Director
- Mr Frederick Hilmer, AO
Chief Executive Officer
- Ms Margaret Jackson, AC
Non-Executive Director
Resigned from the Board on 31 August 2004
- Mrs Julia King
Non-Executive Director
- Ms Joan Withers
Non-Executive Director
Appointed to the Board on 20 September 2004

Review and results of operations

Excluding the effects of significant and non-recurring items in the current and previous corresponding period, the key highlights of trading performance of the Company for the six months ended 31 December 2004 are:

- Underlying trading revenue increased 6.6% to \$937.8 million.
- Earnings before interest and tax increased 17.7% to \$212.9 million.
- Net profit after tax increased 26.0% to \$126.1 million.
- Earnings per share (post-PRESSES dividend) increased 22.7%, to 12.77 cents.
- Dividend increased 36% to 7.5 cents per share fully franked.

Significant and non-recurring items during the half were comprised of a profit of \$4.0 million on the sale of the Gordon & Gotch business and related assets in New Zealand, and an income tax over provision from prior periods of \$3.0 million.

Including these significant and non-recurring items and the PRESSES dividend, the Company's total net profit after tax was \$123.8 million, with earnings per share of 13.54 cents.

As a result of better advertising sales in the second quarter, Group EBIT (before the significant and non-recurring item) increased 17.7%, to \$212.9 million.

The Board has announced an interim dividend of 7.5 cents, fully franked, an increase of 2.0 cents, or 36% over last year's interim dividend.

As advised last year, the Company continues to offer a Dividend Reinvestment Plan to shareholders but has removed any discount on the issue of shares under this plan.

Key Areas of Activity

Australian Publishing

Fairfax's Australian publishing businesses strengthened steadily as the half progressed, with solid trading leading into the Christmas period. Compared to the previous corresponding period:

- EBITDA increased 9.3% to \$165.5 million.
- Total revenue increased 5.0% to \$652.3 million.
- Advertising revenue increased 6.2% to \$536.1 million.
- Costs were well contained.

Metropolitan papers (The SMH and The Age plus inserted magazines). With the benefits of significant new publishing initiatives that strengthened our advertising platforms in Sydney and Melbourne, and good trading conditions, advertising revenues increased 3.9% to \$362.2 million due largely to increases in display volumes. Revenue growth accelerated towards the end of the first half, with strong gains in employment and retail advertising, along with significant overall growth in gross display advertising, which was up 9.4%. This offsets the effects of a significantly weaker real estate market, the Olympics and the Federal election. Total employment revenues in the metros across classified, display and online were up 12.2% in the first half. Retail display revenues grew sharply while automotive revenues were softer.

Fairfax Business Media. FBM generated revenue growth of 4.2%, driven by stronger display advertising especially in employment and commercial property. The results from new initiatives, particularly in travel and leisure, were extremely encouraging. *BRW* also improved its performance significantly.

Fairfax Regional and Community Newspapers. FRCN's strategy of expanding its commercial footprint through both organic growth and strategic acquisitions (including Text Media and the *Port Stephens Examiner*) has resulted in revenue growth of 12.9%.

Circulation. Over the half, circulation was weaker at the metropolitan newspapers. Improvement programs across the metro papers and their marketing and distribution are underway. While circulation was softer in Fairfax Business Media and FRCN, underlying circulation trends for both units in core markets are strong. In readership, which is critical to advertisers, Fairfax publications over the past year have extended their margin of leadership in the key AB demographic and gained share in most markets.

Costs. Underlying cost growth (excluding the Text Media and *Port Stephens Examiner* acquisitions) was 1.2%. Cost savings initiatives undertaken last year, ongoing cost management and newsprint price savings offset cost increases due to inflation, special editorial activities (including the Olympics and the Federal election), and the introduction of new publications (including *theage(melbourne) magazine*).

Fairfax Digital

Fairfax Digital has continued to progress in building a dynamic and competitive business. Fairfax Digital performed strongly, with revenue of \$25.6 million, up 44.6%, resulting in a profit at the EBITDA level of \$1.2 million. The classified sites have posted solid gains in listings and traffic, with total traffic across all Fairfax sites up 29% to over 6.9 million unique browsers per month.

To expand the base for Fairfax Digital's future profit growth, there will be continued re-investment of some of the profits in its brand and market position.

Fairfax New Zealand

Through effective execution of the strategy outlined at the time of acquisition, Fairfax New Zealand has generated further significant operating improvements. This is the result of the ongoing impact of initiatives taken last year on revenues and costs, and new initiatives in products and processes. The positive effects of these measures have been enhanced by the strong performance of the New Zealand economy.

Compared to the previous corresponding period, the underlying reported results are:

- EBITDA was NZ\$95.3 million, up 21.3%.
- EBIT was NZ\$90.2 million, up 26.0%.
- Advertising revenues increased 10%.
- Costs excluding divestments increased 0.8%.

The *Sunday Star-Times* also registered strong advertising revenue growth notwithstanding introduction of a new publication in the Auckland market. Fairfax New Zealand's websites are continuing to expand, particularly in online classifieds.

Costs were kept well under control as a number of the initiatives implemented since the acquisition continue to provide significant benefits. During the half, costs decreased 4.1% in local currency. Excluding the operating costs of divestments from the previous corresponding period, the underlying cost increase was 0.8%.

Capital Management

As part of the Company's ongoing review of capital management initiatives, a review of its options in respect to PRESSES was conducted. This review has concluded that it is not in the best interests of ordinary shareholders to debt finance a buy-back of PRESSES at around the current prevailing market price.

The Company also intends to convert PRESSES into ordinary shares when first permitted, pursuant to clause 3.3 (a)(i) of the terms, in July 2006. The Company will consider a buy-back of ordinary shares at or around that time to minimise dilution.

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.

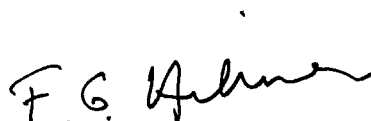
Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young. Refer to page 17.

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, 21 February 2005.

Consolidated Statement of Financial Performance

for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

	Note	December 2004 \$' 000	December 2003 \$' 000
Revenues from ordinary activities, excluding interest income	2	945,253	883,206
Share of net profits of associates and joint ventures	2	1,168	78
Expenses from ordinary activities, excluding depreciation, amortisation and borrowing costs	3	<u>(687,784)</u>	<u>(661,014)</u>
Profit from ordinary activities before depreciation, amortisation, interest income, borrowing costs and income tax		258,637	222,270
Depreciation and amortisation	3	<u>(41,660)</u>	<u>(41,344)</u>
Profit from ordinary activities before interest income, borrowing costs and income tax		216,977	180,926
Interest income	2	1,745	5,414
Borrowing costs	3	<u>(40,970)</u>	<u>(37,403)</u>
Profit from ordinary activities before income tax expense		177,752	148,937
Income tax (expense)/benefit relating to ordinary activities		<u>(44,266)</u>	<u>13,865</u>
Net profit		133,486	162,802
Net profit attributable to outside equity interest		<u>(302)</u>	<u>(362)</u>
Net profit attributable to members of the Company*		<u>133,184</u>	<u>162,440</u>
Net exchange difference on translation of financial report of foreign controlled entities		5,023	(1,658)
Refund of initial transaction costs from issue of shares/(share issue costs)		<u>969</u>	<u>(268)</u>
Total revenues, expenses and valuation adjustments attributable to members of the Company and recognised directly into equity		<u>5,992</u>	<u>(1,926)</u>
Total changes in equity other than those resulting from transactions with owners		<u>139,176</u>	<u>160,514</u>
Basic earnings per share (cents)	5	13.54	17.56
Diluted earnings per share (cents)	5	13.54	17.02
Basic earnings per share (cents) pre significant and non-recurring items	5	12.77	10.41
Diluted earnings per share (cents) pre significant and non-recurring items	5	12.77	10.41
* Net profit attributable to members of the Company comprises:			
Ongoing operations		126,115	100,054
Significant and non-recurring items referred to in Note 3(d), net		<u>7,069</u>	<u>62,386</u>
		<u>133,184</u>	<u>162,440</u>

The Statement of Financial Performance is to be read in conjunction with the notes to the half year financial statements set out on pages 7 to 13.

Consolidated Statement of Financial Position

as at 31 December 2004

John Fairfax Holdings Limited and controlled entities

	December 2004 \$' 000	June 2004 \$' 000
Current assets		
Cash assets	7,428	28,105
Receivables	275,779	270,662
Inventories	31,498	42,079
Other financial assets	1,480	683
Current tax assets	-	6,887
Total current assets	316,185	348,416
Non-current assets		
Receivables	3,697	3,268
Investments accounted for using the equity method	8,591	8,129
Other financial assets	5,379	24,538
Property, plant and equipment	744,721	780,416
Intangible assets	2,337,778	2,314,919
Deferred tax assets	50,212	51,504
Total non-current assets	3,150,378	3,182,774
Total assets	3,466,563	3,531,190
Current liabilities		
Payables	187,686	255,017
Interest-bearing liabilities	157,001	43,289
Current tax liabilities	20,592	-
Provisions	53,616	50,649
Total current liabilities	418,895	348,955
Non-current liabilities		
Non interest-bearing liabilities	639	109
Interest-bearing liabilities	854,999	1,074,352
Deferred tax liabilities	743	1,654
Provisions	37,148	37,372
Total non-current liabilities	893,529	1,113,487
Total liabilities	1,312,424	1,462,442
Net assets	2,154,139	2,068,748
Equity		
Contributed equity	1,414,492	1,357,668
Reserves	31,425	26,402
Retained profits	703,820	679,817
Total parent entity interest in equity	2,149,737	2,063,887
Outside equity interest	4,402	4,861
Total equity	2,154,139	2,068,748

The Statement of Financial Position is to be read in conjunction with the notes to the half year financial statements set out on pages 7 to 13.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

	December 2004 \$' 000	December 2003 \$' 000
Cash flows from operating activities		
Receipts from customers	1,025,426	977,287
Payments to suppliers and employees	(837,183)	(821,672)
Dividends and unit trust income received	1,095	1,025
Interest received	1,745	5,414
Borrowing costs paid	(41,167)	(36,709)
Net income taxes paid	(16,517)	(26,106)
Net cash provided by operating activities	133,399	99,239
Cash flows from investing activities		
Payment for property, plant & equipment	(11,480)	(9,027)
Proceeds from sale of property, plant & equipment	8,350	3,263
Proceeds from sale of other assets	293	-
Payment for investments and other financial assets	-	(737)
Proceeds from sale of investments	3	541
Payment for mastheads and tradenames	(3,050)	(205)
Purchase of Port Stephens Publishers Pty Ltd (net of cash acquired)	(8,675)	-
Loans and deposits repaid	100	655
Net cash used in investing activities	(14,459)	(5,510)
Cash flows from financing activities		
Proceeds from issue of shares*	-	50,859
Refund of initial transaction costs from issue of shares	969	-
Dividends paid**	(53,327)	(49,513)
Proceeds from borrowings	4,070	-
Repayment of borrowings and other financial liabilities	(91,329)	(83,797)
Net cash used in financing activities	(139,617)	(82,451)
Net (decrease)/increase in cash held	(20,677)	11,278
Cash at the beginning of the financial year	28,105	19,446
Cash at the end of the half year	7,428	30,724

* Under the terms of the DRP, \$55.9 million (2003: \$29.8 million) of dividends were paid via the issue of 15,055,272 shares (2003: 8,730,237).

** A cash dividend payment of \$43.9 million (2003: \$40.3 million) was made to shareholders that did not elect to participate in the DRP. In addition to this ordinary dividend, a final PRESSES dividend of \$9.4 million (2003: \$9.2 million) was paid.

The Statement of Cash Flows is to be read in conjunction with the notes to the half year financial statements set out on pages 7 to 13.

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

1. Statement of accounting policies

(a) Basis of preparation

This general purpose financial report for the interim half year reporting period ended 31 December 2004 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 2004 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) Impact of adopting AASB equivalents to International Financial Reporting Standards

For the year ending 30 June 2006, Fairfax will comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The differences between Australian GAAP and AIFRS identified to date as potentially having a significant effect on Fairfax's financial performance and financial position are summarised below.

Fairfax has not yet completed the quantification of the effects of the differences discussed below. In addition, regulatory bodies that produce IFRS and AIFRS have significant ongoing projects that could affect the differences between Australian GAAP and AIFRS. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with AIFRS.

The board established a formal project to prepare Fairfax for the introduction of IFRS. This project commenced in mid-2003 with an objective of achieving transition to IFRS reporting, beginning with the half year ended 31 December 2005. The Company's IFRS project consists of three phases assessment and planning; design; and implementation.

The assessment and planning phase produced a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. The Company considers the assessment and planning phase to be complete.

The design phase aims to formulate the changes required to existing accounting policies, procedures, systems and processes in order to transition to IFRS. The Company has commenced its design phase with various project teams working on areas such as treasury operations, staff training and financial reporting changes. The Company considers the design phase to be complete in most respects as at 31 December 2004.

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the Company to generate the required disclosure of AASB 1 as it progresses through its transition to IFRS. The Company expects this phase to be substantially complete by 30 June 2005.

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

IFRS difference identified	Potential nature of the IFRS impact
<p>Financial Instruments</p> <p>Increase in Total Assets and Total Liabilities due to the recognition of hedge instruments and related debt at fair value.</p> <p>Increased risk of volatility in reported profit due to any ineffective portion of hedges being recognised in the Statement of Financial Performance.</p>	<p>Financial instruments must be recognised in the Statement of Financial Position and all derivatives and most financial assets must be carried at fair value.</p> <p><i>Fairfax has a number of hedging instruments in place to manage exchange and interest rate exposures. AASB 1 provides an election whereby the requirements of AASB 139 and AASB 132 dealing with Financial Instruments are not required to be applied to the first IFRS comparative year. First time adoption of these standards will apply from 1 July 2005.</i></p>
<p>Debt v equity classification</p> <p>Increase in Total Liabilities, decrease in Net Assets. Decrease in Equity.</p> <p>Decrease in reported net profit and Earnings Per Share.</p>	<p>Certain financial instruments will be re-classified as debt instruments rather than equity instruments. The relating dividend payments will be classified as interest charges through the Statement of Financial Performance rather than distributions of equity.</p> <p><i>Fairfax has PRESSES on issue that are classified as equity under current Australian GAAP. In the 30 June 2004 Annual Report it was indicated that PRESSES would be reclassified as debt, with the dividends paid becoming interest. Since that time guidance on these instruments has further developed and the current guidance is that PRESSES consist of both a debt and equity element – with the majority being debt. The quantification of interest expense and dividends relating to PRESSES and their treatment is subject to final clarification.</i></p> <p><i>As noted above, the application of AASB 132 is not required for comparative periods and the 1st time adoption of this change will be from 1 July 2005.</i></p>
<p>Taxation</p> <p>Increase in Total Assets and Total Liabilities as more deferred tax assets and liabilities are recognised.</p> <p>Potential impact on Net Assets and reported profit not expected to be material.</p>	<p>Income tax will be calculated based on the “balance sheet” approach, which could result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity. The initial recognition of Deferred Tax Assets or Deferred Tax Liabilities will be reflected in Retained Earnings.</p>
<p>Post employment benefits</p> <p>Increase in Total Assets and/or Total Liabilities.</p> <p>Potential impact on Net Assets and reported profit not expected to be material.</p> <p>However there is still uncertainty on this issue and the Company’s accounting policies will not be finalised until the AASB have issued a final standard.</p>	<p>Surpluses and deficits in the defined benefit superannuation plans sponsored by entities within the consolidated entity will be recognised in the Statement of Financial Position and the Statement of Financial Performance.</p> <p><i>Fairfax has defined benefit superannuation plans in Australia and New Zealand. As at the last actuarial valuation prepared for Australian GAAP reporting purposes, both funds had small surpluses. Updated actuarial valuations that comply with AIFRS requirements are currently being prepared and are not expected to differ materially from previous valuations.</i></p>

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

IFRS difference identified	Potential nature of the IFRS impact
Intangible assets – mastheads Potential impact on Net Assets and reported profit not expected to be material. As most existing Mastheads and Intangibles were acquired, rather than internally generated, no material change is expected to existing carrying values.	Internally generated intangible assets must meet strict criteria in order to be recognised. Intangible assets can only be revalued if there is an active market. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance will not be recognised. <i>Fairfax mastheads were largely acquired, rather than internally generated. As such these mastheads are carried at the fair value attributed to them at the time of their acquisition and are likely to continue to do so under AIFRS.</i>
Intangible assets – goodwill Increase in reported profit due to non-amortisation of goodwill. Increased risk of volatility in reported profit due to the need to assess impairment annually.	Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually and will not be amortised.
Asset impairment Potential impact on Net Assets and reported profit not expected to be material.	Impairments of assets will be determined on a discounted basis, with strict tests for determining whether goodwill and other relevant assets have been impaired. Impairment testing will be conducted at a Cash Generating Unit level.
Share based payments Based on current Share Options in place, no material impact on reported profit or equity.	Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services. <i>Fairfax has not granted significant shares or options to Directors, Executives or employees.</i>
Comparatives Potential impact on Net Assets and reported profit not expected to be material.	Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

	December 2004 \$' 000	December 2003 \$' 000
2. Revenue from ordinary activities		
Revenue from operating activities		
Revenue generated from sale of:		
Newspapers	788,064	761,221
Magazines	104,675	79,716
Other	35,349	28,155
	<u>928,088</u>	<u>869,092</u>
Revenue from rendering of services	8,139	9,285
Dividends and distributions from unit trusts	380	1,025
	<u>936,607</u>	<u>879,402</u>
Underlying revenue from ordinary activities		
Revenue from non-operating activities		
Proceeds from sale of property, plant and equipment	8,350	3,263
Proceeds from sale of investments	3	541
Proceeds from sale of other assets	293	-
	<u>945,253</u>	<u>883,206</u>
Interest income:		
Other persons / corporations	1,745	5,414
	<u>946,998</u>	<u>888,620</u>
Total revenue from ordinary activities	946,998	888,620
Share of associates' and joint ventures' net profit accounted for using the equity method	1,168	78
3. Expenses from ordinary activities		
a) Expenses by nature		
Staff costs	297,717	284,255
Newsprint and paper	124,125	127,423
Distribution and other production costs	108,203	104,323
Promotion and advertising costs	39,408	33,161
Write-down of non-current assets	-	528
Cost of disposals	4,627	3,102
Rent and outgoings	15,900	15,988
Repairs and maintenance	9,818	9,579
Communication costs	6,291	7,478
News services	5,653	5,367
Computer costs	5,701	5,397
Fringe benefits tax	3,914	3,744
Other expenses from ordinary activities	66,427	60,669
	<u>687,784</u>	<u>661,014</u>
Total expenses before borrowing costs, depreciation and amortisation	687,784	661,014
Expenses from ordinary activities before borrowing costs, depreciation and amortisation	687,784	661,014

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

	December 2004 \$' 000	December 2003 \$' 000
3. Expenses from ordinary activities (cont)		
b) Detailed expense disclosures		
Interest expense:		
Other persons / corporations	37,694	34,043
Finance charges on capitalised leases	3,276	3,360
Total borrowing costs	40,970	37,403
Depreciation of freehold property	2,086	1,483
Depreciation of plant and equipment	37,728	39,120
Amortisation of leasehold property	666	674
Amortisation of goodwill	1,180	67
Total depreciation and amortisation	41,660	41,344
Cost of sales	290,646	311,742
Amounts provided for:		
Employee entitlements	23,593	24,305
Doubtful trade debts	725	1,760
Defamation	1,533	728
Total amounts set aside to provisions	25,851	26,793
Operating lease rental expense	11,068	10,440
c) Gains/(Losses)		
Net foreign exchange gain	10	21
Net profit on disposal of property, plant & equipment	2,525	702
Net profit on disposal of investments	3	-
Net profit on disposal of other assets	1,491	-
d) Significant and non-recurring items		
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:		
Proceeds from sale of Gordon and Gotch business and associated assets and liabilities sold		
	7,679	-
Cost of sale of Gordon and Gotch business and associated assets and liabilities sold		
	(3,640)	-
Income tax over provision from prior periods		
	3,030	-
Effect of entry into tax consolidations		
	-	62,386
Net significant and non-recurring items after tax	7,069	62,386
Significant and non-recurring items before income tax		
	4,039	-
Income tax benefit		
	3,030	62,386
Net significant and non-recurring items after tax	7,069	62,386
	December 2004 \$' 000	June 2004 \$' 000

4. Dividends paid and proposed

Dividends paid during the year

Ordinary shares	99,754	118,692
PRESSES	9,428	18,357
Total franked dividends paid	109,182	137,049

Notes to the Financial Statements for the half year ended 31 December 2004

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 declared an interim dividend of 7.5 cents per fully paid ordinary share fully franked at the corporate tax rate of 30%. The aggregate amount of the interim dividend to be paid on 31 March 2005 out of the retained profits at 31 December 2004, but not recognised as a liability at the end of the half year is expected to be \$69.1 million.

	December 2004 \$' 000	December 2003 \$' 000
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5. Earnings per share

Earnings reconciliation – basic

Net profit attributable to members of the Company:

Before significant and non-recurring items	126,115	100,054
Less dividend paid on PRESSES	<u>(9,428)</u>	<u>(9,183)</u>

Basic earnings before significant and non-recurring items

116,687 90,871

Net profit attributable to members of the Company:

After significant and non-recurring items	133,184	162,440
Less dividend paid on PRESSES	<u>(9,428)</u>	<u>(9,183)</u>

Basic earnings after significant and non-recurring items

123,756 153,257

Earnings reconciliation – diluted

Net profit attributable to members of the Company:

Before significant and non-recurring items	126,115	100,054
Less dividend paid on PRESSES	<u>(9,428)</u>	<u>(9,183)</u>

Diluted earnings before significant and non-recurring items

116,687 90,871

Net profit attributable to members of the Company:

After significant and non-recurring items	133,184	162,440
Less dividend paid on PRESSES	<u>(9,428)</u>	<u>-</u>

Diluted earnings after significant and non-recurring items

123,756 162,440

Weighted average number of ordinary shares used in calculating basic EPS before and after significant and non-recurring items (000s)

913,885 872,989

Options (000s)

23 342

Weighted average number of ordinary shares used in calculating diluted EPS before significant and non-recurring items (000s)

913,908 873,331

PRESSES (000s)

- 81,351

Weighted average number of ordinary shares used in calculating diluted EPS after significant and non-recurring items (000s)

913,908 954,682

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

After significant and non-recurring items	13.54	17.56
Before significant and non-recurring items	12.77	10.41

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

After significant and non-recurring items	13.54	17.02
Before significant and non-recurring items	12.77	10.41

Notes to the Financial Statements for the half year ended 31 December 2004

John Fairfax Holdings Limited and controlled entities

5. Earnings per share (cont)

At 31 December 2004 in accordance with AASB 1027 "Earnings per Share" the Company has 59,324,358 potential ordinary shares (PRESSES) that are not dilutive and are not included in the diluted EPS calculation before and after significant and non-recurring items. As at 31 December 2003, all potential ordinary shares were dilutive and were included in the diluted EPS calculation after significant and non-recurring items. As at 31 December 2003, the Company had 81,351,396 potential ordinary shares (PRESSES) which were not dilutive and were not included in the diluted EPS calculation before significant and non-recurring items.

6. Contingent liabilities

There have been no material changes in contingent liabilities since the year ended 30 June 2004.

7. Segment reporting

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

Geographic Segment	Australia		New Zealand		Eliminations		Consolidated	
	Dec 2004 6 months \$'000	Dec 2003 6 months \$'000	Dec 2004 6 months \$'000	Dec 2003 6 months \$'000	Dec 2004 6 months \$'000	Dec 2003 6 months \$'000	Dec 2004 6 months \$'000	Dec 2003 6 months \$'000
Revenue								
Sales to customers outside the economic entity	672,641	634,082	255,447	235,010	-	-	928,088	869,092
Other revenue from customers outside the economic entity	3,670	4,095	4,469	5,190	-	-	8,139	9,285
Share of equity accounted profits	1,168	78	-	-	-	-	1,168	78
Total segment revenue	677,479	638,255	259,916	240,200	-	-	937,395	878,455
Unallocated revenue								
Interest income							1,745	5,414
Dividend income & distributions from unit trusts							380	1,025
Proceeds from sale of property, plant & equipment and investments and other assets							8,646	3,804
Total revenue from ordinary activities							948,166	888,698
Result								
Segment result	131,431	123,485	87,291	62,855	-	-	218,722	186,340
Unallocated expenses								
Borrowing costs							(40,970)	(37,403)
Consolidated profit from ordinary activities before income tax (expense)/benefit							177,752	148,937
Income tax (expense)/benefit							(44,266)	13,865
Consolidated profit from ordinary activities after income tax (expense)/benefit							133,486	162,802

8. Change in composition of entity

The consolidated entity gained control over Port Stephens Publishers Pty Limited on 1 July 2004.

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 4 to 13 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 2004 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, 21 February 2005.

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, accompanying notes to the financial statements, and the directors' declaration for the consolidated entity comprising both John Fairfax Holdings Limited (the company) and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2004.

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.

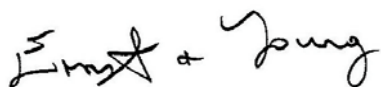
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the director's of the company a written Auditor's Independence Declaration, a copy of which is included in the Director's Report. In addition to our review of the financial report, we were engaged to undertake other 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 John Fairfax Holdings Limited and the entities it controlled during the period 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 2004 and of its performance for the period 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.



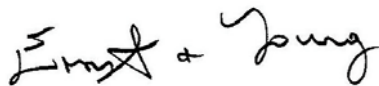
Ernst & Young



David Simmonds
Partner
Sydney
21 February 2005

Auditor's Independence Declaration to the Directors of John Fairfax Holdings Limited

In relation to our review of the financial report of John Fairfax Holdings Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



David Simmonds
Partner
Sydney
21 February 2005