Appendix 4D and Half Year Financial Report

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

The half year financial report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2009 annual financial report.

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

Underlying				
Total revenue	down	12.8%	to	$1,258.9m
Net profit for the period attributable to members	down	5.6%	to	$148.8m

Reported				
Total revenue	down	12.8%	to	$1,258.9m
Net profit for the period attributable to members	up	140.7%	to	$148.8m

DIVIDENDS

	Amount per security	Franked amount per security
27 December 2009		
Interim dividend - ordinary securities	1.1¢	-
Record date for determining entitlements to the interim dividend	5 March 2010	
Semi-annual dividend - SPS	$2.2946	-
28 December 2008		
Interim dividend - ordinary securities	2¢	1.5¢
Record date for determining entitlements to the interim dividend	5 March 2009	
Semi-annual dividend - SPS	$4.8138	-

NET TANGIBLE ASSETS PER SHARE

	27 December 2009 $	28 December 2008 $
Net tangible asset backing per ordinary share	**(0.31)**	(0.99)
Net asset backing per ordinary share	**2.19**	2.98

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

UNDERLYING TRADING PERFORMANCE

		As reported			Non-recurring adjustments		Underlying trading performance	
		27 Dec 09 6 months	28 Dec 08 6 months		27 Dec 09 6 months	28 Dec 08 6 months	27 Dec 09 6 months	28 Dec 08 6 months
	Note	$'000	$'000	Note	$'000	$'000	$'000	$'000
Total revenue	(i)	1,258,893	1,444,254		-	-	1,258,893	1,444,254
Associate profits	(ii)	653	2,118		-	-	653	2,118
Expenses	(iii)	936,095	1,616,734	(v)	-	(540,367)	936,095	1,076,367
Operating EBITDA		323,451	(170,362)		-	540,367	323,451	370,005
Depreciation and amortisation		55,133	57,377	(v)	-	(1,026)	55,133	56,351
EBIT		268,318	(227,739)		-	541,393	268,318	313,654
Net interest expense	(iv)	63,176	100,719		-	-	63,176	100,719
Net profit/(loss) before tax		205,142	(328,458)		-	541,393	205,142	212,935
Tax expense		55,976	36,384		-	18,507	55,976	54,891
Net profit/(loss) after tax		149,166	(364,842)		-	522,886	149,166	158,044
Net profit attributable to non-controlling interest		357	430		-	-	357	430
Net profit/(loss) attributable to members of the Company		148,809	(365,272)		-	522,886	148,809	157,614
Earnings/(loss) per share	(vi)	6.1	(23.1)				6.1	9.0

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

(vi) 28 December 2008 earnings per share has been adjusted to reflect the bonus element inherent in the 3 for 5 rights issue completed in April 2009

Directors' Report

Fairfax Media Limited and Controlled Entities

The Board of Directors presents its report on the consolidated entity of Fairfax Media Limited (the Company) and the entities it controlled at the end of, or during, the period ended 27 December 2009.

Directors

The directors of the Company at any time during the period ended 27 December 2009 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

MR ROGER CORBETT, AO
Non-Executive Director
Non-Executive Chair from 30 October 2009

MR BRIAN McCARTHY
Chief Executive Officer and Managing Director

MR DAVID EVANS
Non-Executive Director
Resigned from the Board on 15 November 2009

MR JOHN B FAIRFAX, AO
Non-Executive Director

MR NICHOLAS FAIRFAX
Non-Executive Director

MRS JULIA KING
Non-Executive Director
Resigned from the Board on 10 November 2009

MR ROBERT SAVAGE, AM
Non-Executive Director

MR RONALD WALKER, AC, CBE
Non-Executive Chair until 30 October 2009
Resigned from the Board on 10 November 2009

MR PETER YOUNG, AM
Non-Executive Director

Review of operations

The key highlights of the trading results of the Company for the period ended 27 December 2009 as compared to the corresponding period are:

- Net profit after tax and SPS dividend of $143.5 million, compared to a loss of $375.6 million. There were no significant items incurred during the half compared to $522.9 million last year.
- On a continuing like-for-like business basis, which excludes the results of the Southern Star business sold in the 2009 financial year, revenue declined 9.2% and EBITDA was down 10.8%.
- Earnings per share of 6.1 cents versus a loss per share of 23.1 cents
- Operating cash flow generation of $225.8 million
- Net debt reduction of $170.2 million

With economic conditions being relatively weak for the majority of the period, all publishing operations recorded lower revenue and EBITDA results. However, the Australian Regional Media and Australian Agricultural operations again highlighted their sustainability and resilience to lower levels of market activity. Printing was affected by lower volumes which resulted in lower revenues. EBITDA was in-line with last year as further production efficiencies were achieved. Online businesses grew strongly. Both Fairfax Digital in Australia and Trade Me in New Zealand recorded growth in revenues and earnings. While revenues were down slightly in Broadcasting, good cost control resulted in EBITDA above the same period last year.

Directors' Report (continued)

Fairfax Media Limited and Controlled Entities

Review of operations (continued)

Over the period, the Company has continued to implement a number of key initiatives aimed at continually improving the performances of our operations and meet the challenges of the ever changing media landscape. These included:

- New online initiatives such as nationaltimes.com.au, relaunch of drive.com.au, and upgrades to afr.com.au.
- Commissioning of a new state-of-the-art printing press in Christchurch, New Zealand.
- Streamlining advertising sales across print and online platforms in the metropolitan markets in the key categories of real estate, employment and motors.
- Strong control over the cost base, with expenses on a continuing business basis down 8.5% on the same period last year.
- Acquisition of findababysitter.com.au and bookit.co.nz.
- Format changes to the weekday business and sports sections of the Sydney Morning Herald and business section in The Age.
- Better utilisation of print centres via the bringing in-house of previously externally printed publications such as Sunday Life and the TV Guide.

Dividends

An interim unfranked dividend of 1.1 cents (2009: 2.0 cents) has been declared by the Board. Record date for the interim ordinary dividend is 5 March 2010 and the dividend will be payable on 19 March 2010.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report 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, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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

R. C. Corbett
Chairman

B. K. McCarthy
Chief Executive Officer and Managing Director

Sydney
22 February 2010

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Fairfax Media Limited

In relation to our review of the financial report of Fairfax Media Limited for the half-year ended 27 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Christopher George
Partner
22 February 2010

Consolidated Income Statement

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

	Note	27 December 2009 $'000	28 December 2008 $'000
Revenue from operations	2(A)	**1,255,289**	1,443,806
Other revenue and income	2(B)	**6,352**	3,298
Total revenue and income		**1,261,641**	1,447,104
Share of net profits of associates and joint ventures		**653**	2,118
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(931,726)**	(1,139,179)
Property, plant and equipment, intangible and investment impairment		**(4,369)**	(477,555)
Depreciation and amortisation	3(B)	**(55,133)**	(57,377)
Finance costs	3(C)	**(65,924)**	(103,569)
Net profit/(loss) from operations before income tax expense		**205,142**	(328,458)
Income tax expense		**(55,976)**	(36,384)
Net profit/(loss) from operations after income tax expense		**149,166**	(364,842)
Net profit/(loss) is attributable to:			
Non-controlling interest		**357**	430
Owners of the parent		**148,809**	(365,272)
		149,166	(364,842)
Earnings per share (cents per share)			
Basic earnings/(loss) per share (cents per share)	13	**6.1**	(23.1)
Diluted earnings/(loss) per share (cents per share)	13	**5.9**	(23.1)

The above Consolidated Income Statement should be read in conjunction with the notes to the half year financial statements.

Consolidated Statement of Comprehensive Income

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

	27 December 2009 $'000	28 December 2008 $'000
Net profit/(loss) from operations after income tax expense	**149,166**	(364,842)
Other comprehensive income		
Changes in fair value of available for sale financial assets	**2,099**	(798)
Actuarial gain/(loss) on defined benefit plans	**1,417**	(5,634)
Changes in fair value of cash flow hedges	**3,436**	(27,903)
Net investment hedges	**341**	(9,678)
Exchange differences on currency translation	**(5,766)**	123,063
Other comprehensive income for the period, net of tax	**1,527**	79,050
Total comprehensive income for the period	**150,693**	(285,792)
Total comprehensive income is attributable to:		
Non-controlling interest	**357**	430
Owners of the parent	**150,336**	(286,222)
	150,693	(285,792)
Tax effects relating to each component of other comprehensive income		
Actuarial gain/(loss) on defined benefit plans	**(700)**	2,415
Changes in fair value of cash flow hedges	**(1,577)**	13,201
Net investment hedges	**(146)**	4,148
Exchange differences on currency translation	**(18)**	1,420
Total tax effect relating to each component of other comprehensive income	**(2,441)**	21,184

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the half year financial statements.

Consolidated Balance Sheet

Fairfax Media Limited and Controlled Entities
as at 27 December 2009

	Note	27 December 2009 $'000	28 June 2009 $'000
CURRENT ASSETS			
Cash and cash equivalents		118,872	69,124
Trade and other receivables		377,287	358,210
Inventories		36,350	40,055
Derivative assets		1,871	173
Assets held for sale		7,421	6,062
Income tax receivable		6,189	35,978
Total current assets		547,990	509,602
NON-CURRENT ASSETS			
Receivables		3,363	2,474
Investments accounted for using the equity method	6	43,476	46,668
Available for sale investments		4,255	2,157
Held to maturity investments		12,825	13,216
Intangible assets	7	5,882,008	5,888,547
Property, plant and equipment		843,846	863,719
Derivative assets		77,617	152,742
Deferred tax assets		490	7,338
Other financial assets		2,375	1,175
Total non-current assets		6,870,255	6,978,036
Total assets		7,418,245	7,487,638
CURRENT LIABILITIES			
Payables		274,083	300,479
Interest bearing liabilities	8	252,678	183,557
Derivative liabilities		25,068	26,757
Provisions		113,080	128,692
Current tax liabilities		20,365	2,454
Total current liabilities		685,274	641,939
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	1,441,725	1,724,708
Derivative liabilities		67,857	47,730
Deferred tax liabilities		12,944	9,026
Provisions		47,987	49,003
Pension liabilities		1,072	2,685
Other non-current liabilities		765	757
Total non-current liabilities		1,572,350	1,833,909
Total liabilities		2,257,624	2,475,848
NET ASSETS		5,160,621	5,011,790
EQUITY			
Contributed equity	9	4,926,880	4,928,122
Reserves	10	(158,744)	(163,381)
Retained profits		382,916	237,604
Total parent entity interest		5,151,052	5,002,345
Non-controlling interest		9,569	9,445
TOTAL EQUITY		5,160,621	5,011,790

The above Consolidated Balance Sheet should be read in conjunction with the notes to the half year financial statements.

Consolidated Cash Flow Statement

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

	Note	27 December 2009 $'000	28 December 2008 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,353,339	1,631,464
Payments to suppliers and employees (inclusive of GST)		(1,077,834)	(1,278,524)
Interest received		2,798	3,467
Dividends and distributions received		1,112	1,461
Finance costs paid		(57,475)	(100,245)
Net income taxes refunded/(paid)		3,831	(52,448)
Net cash inflow from operating activities		225,771	205,175
Cash flows from investing activities			
Payment for earn outs and purchase of controlled entities, associates and joint ventures (net of cash acquired)		(6,656)	(50,263)
Payment for purchase of businesses, including mastheads		-	(5,852)
Payment for property, plant and equipment and software		(56,306)	(54,539)
Proceeds from sale of property, plant and equipment		989	13,522
Proceeds from sale of investments and other assets		2,620	37,823
Loans repaid by other parties		15,000	-
Payments for convertible notes		(1,200)	(700)
Net cash outflow from investing activities		(45,553)	(60,009)
Cash flows from financing activities			
Share issue costs		(46)	-
Payment for shares acquired by employee share trust		-	(11,598)
Proceeds from borrowings and other financial liabilities		773	15,828
Repayment of borrowings and other financial liabilities		(123,041)	(29,253)
Payments of facility fees		-	(1,908)
Dividends and distributions paid to shareholders including SPS *	5	(7,021)	(150,354)
Dividends paid to non-controlling interests in subsidiaries		(204)	(197)
Net cash outflow from financing activities		(129,539)	(177,482)
Net increase/(decrease) in cash and cash equivalents held		50,679	(32,316)
Cash and cash equivalents at beginning of the year		69,124	93,864
Effect of exchange rate changes on cash and cash equivalents		(931)	4,984
Cash and cash equivalents at end of the financial period		118,872	66,532
Reconciliation of cash at end of the period			
Cash and cash equivalents per balance sheet		118,872	62,871
Cash and cash equivalents transferred to held for sale		-	3,661
Cash and cash equivalents at end of the financial period		118,872	66,532

* In the current period, cash dividends of $7.0m were paid to stapled preference shareholders (SPS). In the prior period, under the terms of the dividend reinvestment plan (DRP), $15.7 million of dividends were paid via the issue of 5.6 million ordinary shares. In addition, a cash dividend payment of $135.7 million was made to ordinary shareholders that did not elect to participate in the DRP. Total cash dividends for the prior period totalled $150.4 million; this included $14.7 million made to stapled preference shareholders.

The above Consolidated Cash Flow Statement should be read in conjunction with the notes to the half year financial statements.

Consolidated Statement of Changes in Equity

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

	Note	Contributed equity $'000	Reserves * $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 30 June 2008		4,318,409	(186,063)	821,987	4,954,333	11,001	4,965,334
					-		-
Profit for the period		-	-	(365,272)	(365,272)	430	(364,842)
Other comprehensive income		-	84,684	(5,634)	79,050	-	79,050
Total comprehensive income for the period		4,318,409	(101,379)	451,081	4,668,111	11,431	4,679,542
Transactions with owners in their capacity as owners:							
Dividends paid to shareholders	5	-	-	(166,084)	(166,084)	-	(166,084)
Tax effect of SPS dividend		-	-	4,418	4,418	-	4,418
Dividends paid to non-controlling interests in subsidiaries		-	-	-	-	(197)	(197)
Shares issued under dividend reinvestment plan		15,731	-	-	15,731	-	15,731
Shares acquired under employee incentive scheme		(11,599)	-	-	(11,599)	-	(11,599)
Share based payments, net of tax		-	674	-	674	-	674
Non-controlling interest on acquisition of subsidiary		-	-	-	-	150	150
Balance at 28 December 2008		4,322,541	(100,705)	289,415	4,511,251	11,384	4,522,635
Balance at 29 June 2009		4,928,122	(163,381)	237,604	5,002,345	9,445	5,011,790
Profit for the period		-	-	148,809	148,809	357	149,166
Other comprehensive income		-	110	1,417	1,527	-	1,527
Total comprehensive income for the period		4,928,122	(163,271)	387,830	5,152,681	9,802	5,162,483
Transactions with owners in their capacity as owners:							
Dividends paid to shareholders	5	-	-	(7,021)	(7,021)	-	(7,021)
Tax effect of SPS dividend		-	-	2,107	2,107	-	2,107
Dividends paid to non-controlling interests in subsidiaries		-	-	-	-	(233)	(233)
Transaction costs on share issue		(46)	-	-	(46)	-	(46)
Reclassification of tax effect	9(B)	(1,196)	1,196	-	-	-	-
Share based payments, net of tax		-	3,331	-	3,331	-	3,331
Balance at 27 December 2009		4,926,880	(158,744)	382,916	5,151,052	9,569	5,160,621

* For additional disclosure of the movements in Reserve accounts during the financial period, refer to Note 10.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the half year financial statements.

Notes to the Financial Statements

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2009

1. Summary of significant accounting policies

(A) BASIS OF PREPARATION

This general purpose financial report for the interim half year reporting period ended 27 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* .

The interim financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Fairfax Media Limited for the period ended 28 June 2009 and any public announcements made by Fairfax Media Limited and its controlled entities (the 'Group') during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below. These policies have been consistently applied to all of the periods presented.

This interim financial report is for the 26 weeks 29 June 2009 to 27 December 2009 (2008: the 26 weeks 30 June 2008 to 28 December 2008). Reference in this report to 'period' is to the period 29 June 2009 to 27 December 2009 (2008: 30 June 2008 to 28 December 2008) unless otherwise stated. Fairfax Media Limited Group reports its half year and annual results on a 26 week and 52 week basis respectively.

As at 27 December 2009, the consolidated entity has net current liabilities of $137.3 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 8. 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.

(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the annual period ended 28 June 2009, except as otherwise noted.

(C) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Management's views on the application of new accounting standards and amendments which are not yet effective for the interim 27 December 2009 reporting period were the same as those in the consolidated financial report as at and for the annual period ended 28 June 2009, except as noted below.

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 Chief Executive Officer and Chief Financial Officer.

Comparatives for prior reporting periods have been restated.

1. Summary of significant accounting policies (continued)

(C) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS (CONTINUED)

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.

Business combinations

AASB 3 Business Combinations (revised) continues to apply the acquisition method to business combinations but with some significant changes. All changes have been implemented prospectively from 29 June 2009.

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) ROUNDING OF AMOUNTS

The consolidated entity is of a kind referred to in Class Order 98/100, 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 the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

2. Revenues

	27 December 2009 $'000	28 December 2008 $'000
(A) REVENUE FROM OPERATIONS		
Total revenue from sale of goods	1,212,570	1,388,650
Revenue from printing and other services	42,719	55,156
Total sales revenue	1,255,289	1,443,806
(B) OTHER REVENUE AND INCOME		
Interest income	2,748	2,850
Dividend/distribution revenue	9	36
Gains on sale of property, plant and equipment	1,196	412
Other	2,399	-
Total other revenue and income	6,352	3,298
Total revenue and income	1,261,641	1,447,104

3. Expenses

	27 December 2009 $'000	28 December 2008 $'000
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS		
Staff costs excluding staff redundancy costs	423,511	465,077
Staff redundancy costs	1,604	57,317
Newsprint and paper	129,483	142,538
Distribution costs *	69,021	66,451
Production costs *	100,478	141,196
Promotion and advertising costs	53,797	64,529
Rent and outgoings	28,744	30,466
Repairs and maintenance	14,663	15,892
Communication costs	11,658	13,008
Maintenance and other computer costs	13,125	11,271
Fringe benefits tax, travel and entertainment	13,397	17,904
Royalties and copyright payments	66	25,862
Other	72,179	87,668
Total expenses before impairment, depreciation, amortisation and finance costs	931,726	1,139,179
(B) DEPRECIATION AND AMORTISATION		
Depreciation of freehold property	2,625	2,485
Depreciation of plant and equipment	37,258	40,612
Amortisation of leasehold property/buildings	1,328	1,410
Amortisation of software	13,063	12,011
Amortisation of customer relationships	859	859
Total depreciation and amortisation	55,133	57,377
(C) FINANCE COSTS		
External corporations/persons	63,556	101,171
Finance lease	2,368	2,398
Total finance costs	65,924	103,569

* 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.

	27 December 2009 $'000	28 December 2008 $'000
4. Non-recurring significant items		
The prior period loss after tax from operations includes the following items whose disclosure is relevant in explaining the financial performance of the consolidated entity.		
Intangible impairments - Comprising:		
Impairment of mastheads, licences and goodwill	-	(447,456)
Impairment of goodwill in asset held for sale	-	(30,099)
Income tax expense	-	(344)
Intangible impairments, net of tax	-	(477,899)
Property, plant and equipment impairment and restructuring - Comprising:		
Impairment of plant, equipment and software	-	(1,403)
Restructuring and redundancy charges	-	(62,435)
Income tax benefit	-	18,851
Property, plant and equipment impairment and restructuring, net of tax	-	(44,987)
Net significant and non-recurring items after income tax expense	-	(522,886)

Impairment of intangibles including mastheads, radio licences and goodwill

The recoverable amount of each cash generating unit group (CGU) which includes goodwill or indefinite life intangibles has been reviewed in light of current market and economic conditions and outlook. In the prior year, an impairment charge was recorded against intangible assets encompassing a broad range of mastheads, radio licences and acquisition related goodwill.

5. Dividends paid and proposed

	27 December 2009 $'000	28 December 2008 $'000
(A) ORDINARY SHARES		
Final dividend:		
2010: Nil	-	-
2009: 10 cents - paid 2 October 2008 (75% franked)	-	151,354
Total dividends paid - ordinary shares	-	151,354
(B) STAPLED PREFERENCE SHARES (SPS)		
SPS dividend:		
2010: $2.2946 per share - paid 30 October 2009	7,021	-
2009: $4.8138 per share - paid 31 October 2008	-	14,730
Total dividends paid - SPS	7,021	14,730
Total dividends paid	7,021	166,084

(C) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since 27 December 2009, the directors have declared an unfranked interim dividend of 1.1 cents per fully paid ordinary share. The aggregate amount of the interim dividend to be paid on 19 March 2010 out of the retained profits at 27 December 2009, but not recognised as a liability at the end of the half year is expected to be $25.9 million.

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

The directors have resolved not to reinstate the Company's dividend reinvestment plan (DRP) at this time.

	Note	27 December 2009 $'000	28 June 2009 $'000
6. Investments accounted for using the equity method			
Shares in associates	(A)	**13,725**	14,818
Shares in joint ventures	(B)	**29,751**	31,850
Total investments accounted for using the equity method		**43,476**	46,668

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest Dec 2009	Dec 2008
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%	9.0%
Earth Hour Pty 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%	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	30.0%	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.

Share of associates' profits

	27 December 2009 $'000	28 December 2008 $'000
Profit/(loss) before income tax expense	**28**	(437)
Income tax (expense)/benefit	**(1)**	254
Net profit/(loss) after income tax expense	**27**	(183)

6. Investments accounted for using the equity method (continued)

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest 27 Dec 2009	Ownership interest 28 Dec 2008
Advantate Pty Ltd	E-commerce: online marketing	Australia	50.0%	50.0%
Columbia Press Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
Endemol Southern Star Pty Ltd *	Television program production	Australia	-	49.0%
Endemol Southern Star (NZ) Pty Ltd *	Television program production	New Zealand	-	49.0%
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%
Hi-5 Operations Pty Ltd *	Television program production	Australia	-	50.0%
Online Marketing Group Pty Limited	E-commerce: online marketing	Australia	48.0%	48.0%
The Columbia Group Pty Ltd **	Newspaper publishing and printing	Australia	-	50.0%
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%

* Investment in joint venture was disposed of as part of the sale of the Southern Star Group on 6 April 2009.

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

Share of joint ventures' profits

	27 December 2009 $'000	28 December 2008 $'000
Revenues	**9,889**	21,933
Expenses	**(9,213)**	(18,745)
Profit before income tax expense	**676**	3,188
Income tax expense	**(50)**	(887)
Net profit after income tax expense	**626**	2,301

	27 December 2009 $'000	28 June 2009 $'000
7. Intangible assets		
Mastheads and tradenames	**3,349,286**	3,353,633
Software	**58,661**	61,726
Customer relationships	**11,521**	12,380
Radio licences	**132,217**	132,217
Goodwill	**2,330,323**	2,328,591
Total intangible assets	**5,882,008**	5,888,547

As a result of the adoption of AASB 8 Operating Segments, goodwill previously allocated to the Australian Printing and Publishing Grouping was required to be reallocated across the new reportable media segments. Sensitivities to changes in future earnings and discount rates have not materially changed from those set out in the June 2009 Financial Report. Had the new allocation approach been applied at 28 June 2009, a change in the discount rate of 0.2% applied to the June 2009 cash flow projections would result in an aggregated impairment of $119 million at that date.

The recoverable amount of each cash generating unit group (CGU) which includes goodwill or indefinite life intangibles has been reviewed in light of current market and economic conditions and outlook. In the prior year, an impairment charge was recorded against intangible assets encompassing a broad range of mastheads, radio licences and acquisition related goodwill.

8. Interest bearing liabilities

	Note	27 December 2009 $'000	28 June 2009 $'000
Current interest bearing liabilities - unsecured			
Bank borrowings	(B)	**20,300**	22,173
Other loans	(D)	**59,264**	10,072
Finance lease liability	(D)	**24,529**	3,334
Redeemable Preference Shares	(E)	**148,585**	147,978
Total current interest bearing liabilities		**252,678**	183,557
Non-current interest bearing liabilities - unsecured			
Bank borrowings	(B)	**123,755**	237,706
Other loans			
Senior notes	(C)	**582,003**	638,371
Medium term notes	(F)	**167,533**	167,481
Eurobonds	(G)	**568,434**	607,537
Other	(D)	**-**	51,609
Finance lease liability	(D)	**-**	22,004
Total non-current interest bearing liabilities		**1,441,725**	1,724,708

Net debt for financial covenant purposes

	27 December 2009 $'000	28 June 2009 $'000
Cash and cash equivalents	**(118,872)**	(69,124)
Current interest bearing liabilities	**252,678**	183,557
Non-current interest bearing liabilities	**1,441,725**	1,724,708
Derivative financial instruments (assets)/liabilities (fair value of debt hedging instruments only)	**36,613**	(56,793)
Net debt for financial covenant purposes	**1,612,144**	1,782,348

(A) FINANCING ARRANGEMENTS

The Group net debt for financial covenant purposes, taking into account all debt related derivative financial instruments, was $1,612 million as at 27 December 2009 (28 June 2009: $1,782 million).

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

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

8. Interest bearing liabilities (continued)

(A) FINANCING ARRANGEMENTS (CONTINUED)

any financial institution. Derivative counterparties are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 27 December 2009 counterparty credit risk was limited to financial institutions with issued credit ratings ranging from A- to AA.

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

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

(B) BANK BORROWINGS

Current

A NZ$50 million revolving committed cash advance facility is available to the Group until June 2010. At 27 December 2009, NZ$25.4 million was drawn down (28 June 2009: NZ$27.7 million).

Non-current

A $1,200 million syndicated bank facility is available to the Group until periods ranging from April 2011 to April 2013. At 27 December 2009, $125 million was drawn down (28 June 2009: $125 million). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

A $200 million cash advance facility available to the group until September 2010 was repaid and cancelled during the period. At 28 June 2009, $115 million had been drawn down.

An undrawn NZ$50 million committed cash advance facility is available to the Group until December 2011.

(C) SENIOR NOTES

The Group issued Senior Notes in the US private placement market with a principal value of US$230 million (A$279.9 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 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$302.1 million) in July 2007 comprising maturities ranging from July 2014 to July 2017. The weighted average maturity of this issue is approximately 5.7 years. The issued notes include fixed rate coupon notes, paying a weighted average coupon of 6.4% p.a. semi annually in arrears, and floating rate coupon notes. The interest and principal on the Senior Notes are payable in US dollars and were swapped into fixed and floating rate Australian dollars via cross currency swaps. An additional 1.00% p.a. step up margin is payable on the coupons, effective from 10 July 2009.

(D) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a maturity date of September 2015. Financing to September 2015 is however conditional upon extension or replacement of existing underwriting arrangements in place until September 2010. There is a CPI indexed annuity loan with principal and interest outstanding of $40.2 million (28 June 2009: $41.3 million) and a finance lease of $24.5 million (28 June 2009: $25.3 million), which was entered into in February 1996. There is also principal and interest outstanding of $19.1 million (28 June 2009: $20.4 million) in the form of a fixed rate loan with an established drawdown and repayment schedule.

8. Interest bearing liabilities (continued)

(E) REDEEMABLE PREFERENCE SHARES (RPS)

The Company issued Redeemable Preference Shares in New Zealand in May 2005 with a principal value of NZ$186.5 million (A$148.6 million) currently paying a fixed one year coupon of 3.97% p.a. payable quarterly in arrears. The Redeemable Preference Shares mature in June 2010. The interest and principal on the Redeemable Preference Shares are 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.

(F) MEDIUM TERM NOTES (MTNs)

On 27 June 2006, the Company 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. At 27 December 2009, $167.7 million MTNs were outstanding (28 June 2009: $167.7 million).

(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 5.25% p.a. payable annually in arrears. The interest and principal on the notes are payable in Euro and were swapped into fixed rate Australian dollars via cross currency interest swaps. An additional 1.00% p.a. step up margin is payable on the fixed coupon, effective from 15 June 2009.

9. Contributed equity

	Note	27 December 2009 $'000	28 June 2009 $'000
Ordinary shares			
2,351,955,725 ordinary shares fully paid (28 June 2009: 2,351,955,725)	(A)	**4,667,944**	4,667,990
Unvested Employee Incentive Shares			
8,411,794 unvested employee incentive shares (28 June 2009: 8,411,794)	(B)	**(34,227)**	(33,031)
Stapled Preference Shares (SPS)			
3,000,000 stapled preference shares (28 June 2009: 3,000,000)	(C)	**293,163**	293,163
Debentures			
281 debentures fully paid (28 June 2009: 281)	(D)	*	*
Total contributed equity		**4,926,880**	4,928,122

* Amount is less than $1000

9. Contributed equity (continued)

RECONCILIATIONS

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

	Note	27 December 2009 No. of shares	28 June 2009 No. of shares	27 December 2009 $'000	28 June 2009 $'000
(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 period		**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 expense recognised directly in equity		**-**	-	**-**	(6,702)
Reclassification of tax effect to share-based payment reserve	10	**-**	-	**(1,196)**	-
Balance at end of the financial period		**8,411,794**	8,411,794	**(34,227)**	(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 period		**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 period		**281**	281	*	*
Total contributed equity				**4,926,880**	4,928,122

* Amount is less than $1000

10. Reserves

	Note	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Cashflow hedge reserve $'000	Net investment hedge reserve $'000	Share-based payment reserve $'000	Total reserves $'000
Balance at 30 June 2008		(801)	(201,881)	15,307	(438)	1,750	(186,063)
Other comprehensive income		(798)	123,063	(27,903)	(9,678)	-	84,684
Share based payments, net of tax		-		-	-	674	674
Balance at 28 December 2008		(1,599)	(78,818)	(12,596)	(10,116)	2,424	(100,705)
Balance at 29 June 2009		32	(173,662)	7,286	(1,024)	3,987	(163,381)
Other comprehensive income		2,099	(5,766)	3,436	341	-	110
Reclassification of tax effect from unvested employee incentive shares	9(B)	-	-	-	-	1,196	1,196
Share based payments, net of tax		-		-	-	3,331	3,331
Balance at 27 December 2009		2,131	(179,428)	10,722	(683)	8,514	(158,744)

11. Commitments and contingencies

EARN OUT AGREEMENT - INVESTSMART FINANCIAL SERVICES PTY LTD AND GO EAST FURNITURE COMPANY PTY LTD

The consolidated entity has an earn out agreement which represents a contingent liability at 27 December 2009 relating to the acquisition of InvestSMART Financial Services Pty Ltd and Go East Furniture Company Pty Ltd.

Additional cash consideration of up to $38.0 million will be payable by the consolidated entity if the above business achieves specified financial performance criteria.

The amount of the earn out is based on the earnings before interest, tax, depreciation and amortisation (EBITDA) of the acquired business. The earn out target covers the 12 month period up to 30 September 2010.

A liability for the earn out has not been recognised at 27 December 2009 as the amount of the earn out is subject to a variety of factors including market behaviour, competition, trading volumes and activity and cannot be reliably determined at this stage.

When the earn out is probable and can be reliably measured, the liability will be accounted for as an additional acquisition cost and added to the carrying amount of the investment as goodwill.

EARN OUT AGREEMENT - RED ROCK SOFTWARE LTD

A provision of $0.6 million for the earn out agreement relating to this acquisition has been recognised as at 27 December 2009. This provision has been recognised as it is considered probable that the earn out target will be achieved. The provision has been accounted for as an additional acquisition cost and added to the carrying amount of the investment in Red Rock Software Ltd as goodwill.

12. Acquisition and disposal of controlled entities

(A) ACQUISITIONS

The consolidated entity gained control over the following entity during the half 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%

Subsequent to the balance sheet date, the consolidated entity acquired the business assets of BookIt Limited (an online booking provider).

(B) DISPOSALS

The consolidated entity did not lose control over any entity during the half year ended 27 December 2009.

13. Earnings per share

	27 December 2009 ¢ per share	28 December 2008 ¢ per share
Basic earnings/(loss) per share		
After significant and non-recurring items less SPS dividend (net of tax) *	**6.1**	(23.1)
Diluted earnings/(loss) per share		
After significant and non-recurring items (net of tax) *	**5.9**	(23.1)

	27 December 2009 $'000	28 December 2008 $'000
Earnings reconciliation - basic		
Net profit/(loss) attributable to members of the Company	**148,809**	(365,272)
Less Dividends on SPS (net of tax)	**(5,296)**	(10,311)
Basic earnings/(loss) after significant and non-recurring items less SPS dividend	**143,513**	(375,583)
Earnings reconciliation - diluted		
Net profit/(loss) attributable to members of the Company	**148,809**	(365,272)

	27 December 2009 Number '000	28 December 2008 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,351,956**	1,628,187
SPS - Dilutive	**188,105**	-
Weighted average number of ordinary shares used in calculating diluted EPS	**2,540,061**	1,628,187

* The 2008 basic and dilutive earnings per share has been adjusted to reflect the bonus element inherent in the 3 for 5 rights issue completed on the 3 April 2009 where the Company raised a total of $624.6 million. Refer to Note 9(A).

14. 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 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 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 CEO and CFO for the reportable segments for the half year ended 27 December 2009 is as follows:

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
6 months to 27 December 2009						
Australian Regional Media	262,876	(6,968)	**255,908**	74,863	(2,826)	**72,037**
Metropolitan Media	457,856	(367)	**457,489**	54,425	(4,889)	**49,536**
Specialist Media	142,708	(11)	**142,697**	36,344	(1,717)	**34,627**
New Zealand Media	196,002	(441)	**195,561**	38,036	(4,529)	**33,507**
Printing Operations	271,989	(228,731)	**43,258**	57,541	(32,646)	**24,895**
Online	101,818	10	**101,828**	53,109	(5,256)	**47,853**
Broadcasting	55,351	-	**55,351**	15,751	(943)	**14,808**
Other	7,454	-	**7,454**	(6,618)	(2,327)	**(8,945)**
Consolidated entity	1,496,054	(236,508)	**1,259,546**	323,451	(55,133)	**268,318**

14. Segment reporting (continued)

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
6 months to 28 December 2008						
Australian Regional Media	278,832	(8,436)	**270,396**	85,916	(4,196)	**81,720**
Metropolitan Media	516,357	(872)	**515,485**	75,148	(5,250)	**69,898**
Specialist Media	163,602	(29)	**163,573**	39,849	(1,659)	**38,190**
New Zealand Media	222,940	(828)	**222,112**	52,586	(3,342)	**49,244**
Printing Operations	283,666	(229,856)	**53,810**	57,948	(33,952)	**23,996**
Online	94,423	(215)	**94,208**	47,681	(4,446)	**43,235**
Broadcasting	55,672	-	**55,672**	14,610	(1,026)	**13,584**
Other *	71,116	-	**71,116**	(3,733)	(2,480)	**(6,213)**
Consolidated entity	1,686,608	(240,236)	**1,446,372**	370,005	(56,351)	**313,654**

* Other includes results of the Southern Star Group and REPA

The 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.

Revenue from external customers includes the operating segments share of net profits from associates and joint ventures.

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:

	27 December 2009 $'000	28 December 2008 $'000
EBIT	268,318	313,654
Interest income	2,748	2,850
Finance costs	(65,924)	(103,569)
Impairment of intangibles	-	(477,555)
Impairment of plant, equipment and software	-	(1,403)
Restructuring and redundancy charges	-	(62,435)
Net profit/(loss) before tax	205,142	(328,458)

Information provided to the CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the consolidated financial statements.

15. Related party transactions

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

For a list of the controlled entities acquired during the period refer to Note 12.

16. Events subsequent to balance sheet date

On 15 February 2010, the Company announced that Fairfax Corporation Pty Limited will purchase NZ$89.6 million of the Redeemable Preference Shares in Fairfax New Zealand Finance Limited on 15 March 2010 from investors who have exercised their put option. The remaining NZ$96.9 million will be redeemed on 15 June 2010.

Directors' Declaration

In accordance with a resolution of the directors of Fairfax Media Limited (the Company), we state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity set out on pages 7 to 30 are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position as at 27 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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

R. C. Corbett
Chairman

Brian McCarthy

B. K. McCarthy
Chief Executive Officer and Managing Director

Sydney
22 February 2010

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To the members of Fairfax Media Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Fairfax Media Limited, which comprises the statement of financial position as at 27 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act* 2001 and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 27 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Fairfax Media Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Fairfax Media Limited is not in accordance with:

a. the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 27 December 2009 and of its performance for the half year ended on that date; and

   ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b. the ASX Listing Rules as they relate to Appendix 4D.

Ernst & Young

Christopher George
Partner
Sydney
22 February 2010