FAIRFAX MEDIA ANNUAL REPORT 2015

GROW TRANSFORM INVEST

Fairfax Media

GROW

"BUILDING AND INVESTING IN DOMAIN GROUP, GROWING VERTICALS AND LEVERAGING AREAS WHERE WE HAVE COMPETITIVE STRENGTH AND SKILLS, SUCH AS LIFE MEDIA & EVENTS. REALISING THE FULL POTENTIAL OF OUR RESTRUCTURED RADIO BUSINESS."

FAIRFAX MEDIA IS AT THE FOREFRONT OF REVOLUTIONISING MEDIA AND LEADING THE CHANGE WITH OUR STRATEGY TO GROW, TRANSFORM AND INVEST.

We are at the heart of conversations that matter and creating connections that count.

We are the trusted voice, informing, engaging and entertaining audiences and communities in Australia and New Zealand via our newspapers, websites, radio stations, events and dynamic digital venues for commerce and information.

Every day we empower millions of people with our independent journalism, quality content and great experiences – and we have been doing it for 184 years.

Our journalists perform their jobs with independence, insight and integrity.

Everyone in our business is passionate and puts customers and audiences at the centre of everything we do.

We are focused on growing shareholder value by engaging audiences, communities and businesses through compelling content and services, monetising across a range of business models.

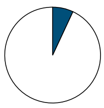
We are growing and transforming Fairfax Media, investing in it, making it a stronger, diversified portfolio of businesses – spanning media, marketing services, property services, data, entertainment, and beyond – sustaining the important work we do in the communities we serve.

Independent. Always.

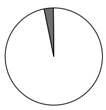
AUSTRALIAN METRO MEDIA

LEADING METROPOLITAN NEWSPAPERS & DIGITAL MEDIA

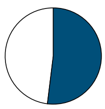
Publishing arm for *The Sydney Morning Herald*, *The Age* and *The Australian Financial Review* saw earnings growth of 52%, resulting from cost reduction and benefiting from the closure of Tullamarine and Chullora print sites in 2014. Re-scaling printing operations for efficiency, digital subscriptions and other new revenue streams helped sustain publishing profitability in the face of continued print advertising declines.



+7% Digital revenue growth



-5% Total revenue

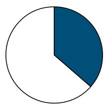


+52% Adjusted EBITDA growth

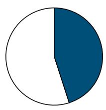
DOMAIN GROUP

REAL ESTATE MEDIA AND SERVICES

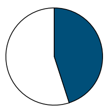
Domain Group continued to fast-track its national expansion with a 20% increase in agent subscribers; 16% increase in listings; and 30% increase in average monthly visits across main and mobile sites and apps. Acquisitions totalling $150 million and operational investment in sales and product development have been undertaken to aggressively expand Domain's footprint and establish it as a strong growth vehicle.



+36% Digital revenue growth



+45% Total revenue growth

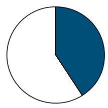


+46% EBITDA growth

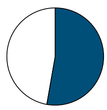
LIFE MEDIA & EVENTS

LIFESTYLE MEDIA ASSETS AND EVENTS

Life Media's strong portfolio includes lifestyle-oriented products spanning travel, health, food, parenting and motoring combined with our Events business focused on running, swimming, food and wine, parenting and the arts. The combination builds on the strong natural audience and commercial links of the two businesses and brings sharper commercial focus, speed to market and an improved product mix to our millions of customers.



+41% Events revenue growth



+53% Number of consumer events

2M Event participant numbers

SNAPSH

DIGITAL VENTURES

PORTFOLIO OF DIGITALLY-FOCUSED ASSETS

HuffPost Australia, a local partnership with leading global source of news and information *The Huffington Post*, adds to the strong portfolio of digital-only publishing assets. Joint venture Subscription Video-On-Demand service Stan launched on Australia Day and is fast gaining traction with consumers. Pleasing progress was made with transactional businesses and early stage investments, with some strategic bolt-on acquisitions made.

$20M FY15 investment (excl. Stan)

3 OF 5 Partnerships with 3 of the top 5 digital-only US media groups

300K Stan gross sign-ups

AUSTRALIAN COMMUNITY MEDIA

LEADING RURAL AND REGIONAL NEWSPAPERS & DIGITAL MEDIA

ACM restructured from 65 separately run businesses into six geographic operating groups to create a modern, stronger rural and regional media network. The transformation program is focused on maintaining a strong footprint for local news, content and sales capability, while adopting new technology, upgrading newsrooms, and working more efficiently with new systems.

$60M Targeted annualised savings by end of FY16

-8% Total revenue

-34% Adjusted EBITDA

NEW ZEALAND MEDIA

LEADING NZ NEWSPAPERS & DIGITAL MEDIA

Building a digital future and improving audience monetisation through product innovation, marketing investment, as well as significant editorial and sales transformation. The number of stories published across digital platforms has increased from 400 to 1,500 a day. Stuff.co.nz is setting an impressive pace as our New Zealand digital brand, moving from seventh to fourth largest digital site in the country with monthly audience of 1.8 million.

+38% Digital revenue growth

-5% Total revenue

-12% Adjusted EBITDA

MACQUARIE RADIO NETWORK

LEADING NATIONAL NEWS, TALK, SPORT & MUSIC RADIO NETWORK

Fairfax has a 54.5% share-holding in the ASX-listed Macquarie Radio Network. The expanded MRN is the result of the merger of Fairfax Radio Network's 3AW, 2UE, 4BC and 6PR stations with MRN's 2GB. The radio merger unlocked significant value and synergies, and creates new advertiser opportunity by bringing together the leading news, talk and sport stations in Sydney and Melbourne.

#1 Stations in Sydney and Melbourne

UP TO $15M Annualised merger synergy benefits

$78M Proceeds from sale of 96FM

STATS

TRANSFORM

“CONTINUING THE TRANSFORMATION TO CREATE A SUSTAINABLE PUBLISHING BUSINESS ON THE PRINT TO DIGITAL JOURNEY. MAINTAINING COST DISCIPLINE AND DELIVERING EFFICIENCIES.”

WE ARE BUILDING A STRONGER, MORE DIVERSIFIED BUSINESS

11M
Australian audience across print, web and mobile

7.5M
Australian national and metro masthead reach

5.1M
Audience for *The Sydney Morning Herald* – Australia's No. 1 masthead

159K
Paid digital subscribers to *The Sydney Morning Herald* and *The Age*

45%
Growth in Domain unique monthly audience to 2.5m

34%
Increase in Domain mobile app downloads to 3.8m

20%
Growth in Domain.com.au agent subscribers

2.3M
Listeners across MRN's national radio network

2.8M
New Zealanders connect with Fairfax every day

1.8M
New Zealanders visit Stuff.co.nz each month

FAIRFAX MEDIA HAS ACHIEVED A PROFOUND TRANSFORMATION IN THE LAST FOUR YEARS FROM A TRADITIONAL MEDIA BUSINESS INTO A STRONGER, MORE DIVERSIFIED MEDIA COMPANY INCREASINGLY FOCUSED ON HIGH-GROWTH OPPORTUNITIES.

ROGER CORBETT, AO

Fairfax's robust financial position and operating earnings stability in the last two financial years demonstrates the success of the Company's strategy to optimise its core strengths and reshape the business for future growth while continually adapting to the innovation happening in the media industry globally.

Total Group revenue grew 0.3% year-on-year to $1,840.8 million for continuing businesses in the 2015 financial year. This is the first time in eight years that the Group has delivered revenue growth. This achievement reflects the many actions we have taken over recent years, including acquisitions, restructuring and growth initiatives.

Fairfax anticipated and took strategic action to prepare for the ongoing structural shift away from print advertising which is taking place in both local and international markets. In the financial year, the pressures faced by print were offset by revenue growth in our real estate and media services business Domain Group, digital revenue growth and new revenue streams, and contribution from acquisitions. The Company's revenue streams have evolved to include digital subscriptions, marketing services, property services, events, entertainment and more. Gone are the days where revenue consists of just advertising and cover price revenue. A concerted effort to diversify our revenue base has resulted in improved profitability.

For the 2015 financial year, Fairfax delivered operating earnings before interest, tax, depreciation and amortisation (EBITDA) of $287.4 million for continuing businesses, which was about 3% lower than the $297.7 million in the prior year. This result has been achieved despite significant investment of around $42 million, the majority in Domain, Events and Stan which is yet to be fully reflected in the performance of these businesses. Earnings before interest and tax (EBIT) of $222.6 million is 8% higher. For continuing businesses, earnings per share went from 6.3 cents to 6.0 cents and paid total dividends for the year of 4 cents per share. After taking into account significant items, the company reported a net profit after tax of $83.2 million. The reported net profit result includes significant items expense after tax of $60.5 million.

The Company started the financial year with a strong balance sheet following significant net debt reduction in recent years. The Company finished the year in a net cash position, putting us in a strong position to both invest for growth and undertake capital management strategies focused on maximising shareholder returns. In February, the company announced an on-market buyback of up to 5% of ordinary shares over 12 months.

REVOLUTIONISING MEDIA

Fairfax has been at the forefront of revolutionising media by thinking through the immense challenges of reshaping, restructuring and revitalising the traditional media model. Fairfax is an undisputed leader in transforming to embrace the new realities of modern

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communication and technology. We have truly led the change.

Aggressive change has been vital in the face of reducing traditional revenues and the dramatic industry transition happening in Australia, New Zealand and internationally.

Throughout this evolution, Fairfax has maintained a resolute focus on maximising shareholder value by engaging audiences, communities and businesses through its compelling content and services, monetised across a range of business models. The business is maintaining and leveraging its strength and scale as a provider of quality, independent journalism - across print, digital and radio - in the local and metropolitan communities we serve.

In the 2014 Annual Report, I set out a number of elements that would contribute to our objective to build on our core strengths, become stronger and more digital-centric through transformation of our publishing businesses, and invest in our growth engines and new opportunities.

We have reshaped our business model to include a range of services - marketing services, property services, events, and entertainment - all driven by our fundamental capabilities as a leading multi-media business with large-scale audiences. We create commercial opportunities by taking a 360-degree view of clients' needs - beyond traditional advertising - and offer a full suite of marketing solutions, including data services and content marketing, to provide additional value to our advertisers.

Domain is a standout performer in extending and growing, with its digital EBITDA up 37.1% during the year. This is an impressive accomplishment. Domain is maintaining its strong growth momentum as it continues its aggressive national expansion strategy.

> FAIRFAX HAS BEEN AT THE FOREFRONT OF REVOLUTIONISING MEDIA BY THINKING THROUGH THE IMMENSE CHALLENGES OF RESHAPING, RESTRUCTURING AND REVITALISING THE TRADITIONAL MEDIA MODEL.

Our Events business has a blossoming portfolio, having combined with our Life Media business of lifestyle-oriented products spanning travel, health, food, parenting and motoring in order to build on the strong natural audience and commercial links between these two businesses.

In December 2014 we announced the creation of a stronger national radio network through the merger of Fairfax Radio Network's 3AW, 2UE, 4BC and 6PR stations with Macquarie Radio Network's 2GB. The merger unlocks significant value and advertiser opportunity and brings together the leading news, talk and sport stations in Sydney and Melbourne. Further significant value was realised through Fairfax's sale of Perth music station 96FM for cash consideration of approximately $78 million, which was a compelling offer.

I noted in my report last year that Fairfax and Nine Entertainment Co. had formed a 50:50 joint venture to launch a Subscription Video-On-Demand (SVOD) service in 2015 to provide unlimited access to television shows and movies. Stan was launched on Australia Day and is making pleasing progress.

In 2015 we also made significant progress in delivering greater levels of productivity and efficiency right across the business. We have simplified our operations and well exceeded our targeted $311 million annualised cost savings by 2015, resulting from our Fairfax of the Future program to become a leaner, more agile organisation. That program was announced in February 2012 to run over three-to-four years. The disciplined and pragmatic approach instilled through Fairfax of the Future is now embedded in management, with cost savings and transformation continuing.

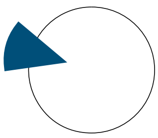
Transformation is delivering the outcomes we planned for. Core operating costs for the year were down 4% and Metropolitan publishing costs down 7%. We continue to seek out efficiencies and are constantly developing smarter ways of doing what we do. Restructuring of our Australian Community Media

AIRMAN

February 2012	March 2013	April 2013	June 2013	December 2013
Fairfax of the Future program launched	Compact editions of *The Age* and SMH launched	Organisational structure simplified	Digital subscriptions launched for *The Age* and SMH	Sale of Stayz for $220m

$83.2M
Statutory net profit after tax

$143.6M
Underlying net profit after tax



4¢
Total dividends
partly franked

$64M
Net cash
as at 28 June 2015

business of more than 150 rural and regional newspapers and websites is well progressed and on track to deliver annualised savings of up to $60 million by end of financial year 2016.

GROW, TRANSFORM, INVEST

We are executing a strategy to optimise our core strengths. Put simply there are three elements to our strategy:

> We are growing our core businesses. This includes building and investing in our major growth vehicle Domain Group, growing verticals and leveraging areas where we have competitive strength and skills - such as Life Media & Events. In addition, we are realising the full potential of our restructured Radio business which now takes the form of a 54.5% shareholding in the ASX-listed Macquarie Radio Network.

> We are continuing the transformation required to create a sustainable publishing business, spanning metropolitan and community titles, on the print to digital journey. This involves reshaping the publishing model, continuing to deliver efficiencies, and maintaining cost discipline. Setting an impressive pace is our New Zealand digital brand, Stuff.co.nz, which lifted audiences 23% year-on-year to 1.8 million, supporting 38% growth in our digital revenues in that market.

> We are investing to develop new growth verticals. An example of which is our joint venture with leading global source of news and information, *The Huffington Post*, to launch a local version HuffPost Australia in August, which is part of our Digital Ventures portfolio of high-potential digital businesses and investments. We are leveraging our balance sheet strength to pursue strategic opportunities and to create shareholder value.

Our strategy and strong balance sheet puts us in a position to invest in existing and new business areas where our journalism and content gives us competitive strength. In his report, our Chief Executive Officer elaborates further on our strategy and the significant developments and milestones that contributed to our progress.

THE FUTURE

Your Board is ever mindful to ensure our decisions position Fairfax to best operate in the contemporary media environment, ready to take full advantage of new opportunities. Fairfax has made its position absolutely clear that the archaic media ownership restrictions currently in place in Australia are outdated and outmoded by technological change and shifts in how consumers now source their news and information.

Fairfax strongly advocates for media ownership law reform and the flexibility to operate across all available media platforms. The current legislation simply does not meet the needs of the industry or the community. It is hindering the development of modern media for Australian consumers and has the potential to greatly restrict the quality of content which flows to them in the future.

June 2014	August 2014	August 2014	October 2014	January 2015	March 2015
Closure of Chullora and Tullamarine print sites	Australian Community Media transformation	50% investment in SVOD service Stan	Acquisition of Allhomes	Move to 100% ownership of Metro Media Publishing	Merger of Radio assets with Macquarie Radio Network

Abolishing the reach rules, and the two-out-of-three rule which stops anyone owning more than two of a newspaper, commercial TV or radio licence in a major market, would reset the competitive base for a modern media industry. Our industry operates in an environment of intense competition for advertising revenue and audiences from global media and technology giants, such as Google, Facebook and Twitter. The old media rules advantage the overseas competitors at the expense of Australian-owned media.

The growth in the number of international digital media players in Australia is challenging, and the advertising market is becoming increasingly fragmented, driving the need for Australian media companies to be free to compete on an even playing field.

There is a multitude of possible scenarios should the legislation change.

The strength of our balance sheet, reduced cost structures and strong market position of our mastheads position Fairfax to take advantage of any market opportunities that might arise to the benefit of our audiences and consumers - and to maximise value for our shareholders - should the Government act in the national interest on what is a compelling and convincing case for reform.

Turning now to another important matter. New remuneration arrangements for management have now been in operation for two years, having been implemented following strong support received at the 2013 Annual General Meeting. Under these arrangements, Key Management Personnel will not receive short-term performance incentives for the 2015 financial year despite the year's robust financial results. Management recognised that there was a strategic imperative in the 2015 financial year to concentrate on longer-term growth, rather than short-term earnings.

There was an economic incentive for them to take this approach as our remuneration arrangements are operating as intended, with incentives weighted towards longer term equity opportunities. Annual targets have been set that represent milestones along the way but management's primary focus is on delivering the Company's strategic transformation for the long term. Your continuing support of these arrangements is well justified by the results to date.

This is my final report to you as Chairman of Fairfax, a role I've held since October 2009 having joined the Board in February 2003. In March, we announced Nick Falloon's appointment to the Board as a Non-Executive Director, which was effective 1 May 2015, and that he would assume the Chairmanship when I leave the Board at the end of August following the signing of the full year accounts.

We welcome Nick to the Board. He brings a lifetime of experience in the media industry, including serving as the Chief Financial Officer and later Chief Executive Officer of Publishing and Broadcasting Ltd, which included ACP Magazines, Nine Network and Crown Casino. He was also the Executive Chairman of Network Ten between 2002 and 2010, one of the most successful periods in the network's history.

Nick will conduct the 2015 Annual General Meeting to be held in Sydney in November. At this meeting we will have three serving Directors standing for re-election, Jack Cowin, Michael Anderson and James Millar. Nick will be standing for election.

It has been a tremendous honour to have served the shareholders of Fairfax, an important organisation enriching the lives of Australians and New Zealanders as their trusted voice. I have every confidence in management, Nick and the Board. I take this opportunity to acknowledge my fellow Board members for the invaluable skills, expertise and experience they bring to your Company.

On behalf on the Board, I would like to thank everyone who works as part of Fairfax for their efforts in achieving significant progress and for doing the important work that they do.

Your Board is confident Fairfax is well-positioned to thrive into the future and maximise shareholder value, while staying true to its proud 184-year history of maintaining core editorial values of independence and integrity.

There is great opportunity ahead for Fairfax. ■

IN 2015 FAIRFAX MEDIA DELIVERED REVENUE GROWTH FOR CONTINUING BUSINESSES FOR THE FIRST TIME IN EIGHT YEARS. THIS MILESTONE IS TESTAMENT TO OUR COMMITMENT TO EMBRACE THE OPPORTUNITIES ARISING FROM THE NEW REALITIES OF MODERN MEDIA.

GREG HYWOOD ■

Our efforts to transform the financial and operational performance of Fairfax began around four years ago. The early stages of this journey involved a resetting of our cost base, implementing a series of operational changes, and strengthening the Fairfax balance sheet through a number of strategic asset sales.

Today, our business and culture thrive on innovation. Customer and digital centricity is part of our organisational DNA as we implement our strategy of building and monetising our large-scale audiences by providing quality, independent journalism, content and experiences.

We are now focused on reshaping the business for growth and investing for the future.

During the 2015 financial year, we applied dedicated focus, attention and resources to our growth engines, which include:

> Domain Group - our real estate media and services business which is fast-tracking its national expansion.

> Life Media & Events - our strong portfolio of lifestyle-oriented products spanning travel, health, food, parenting, motoring, combined with one of the largest events businesses operating across Australia and New Zealand, focused on running, swimming, food and wine, parenting and the arts.

> Digital Ventures - our specialist business unit embracing entrepreneurial and disruptive thinking, with a strong portfolio of digital publishing assets and transactional businesses, along with our 50:50 joint venture Subscription Video-On-Demand (SVOD) service, Stan.

We are making pleasing progress in our efforts, which I outlined in the 2014 Annual Report, to optimise our strengths by building new audiences and extending our media core into a broadly-based services business. Key to this is leveraging our multi-platform media business and its highly valuable audiences, content and journalism. Our business is stronger as a result of a more diversified revenue base.

The Chairman's Report outlined three elements in Fairfax's strategy - grow, transform and invest - to accelerate the Company's performance over the long-term. The significant developments and milestones in executing our strategy are outlined below.

GROW

In the last two years we have implemented a strategy to realise Domain's full potential - providing the business with the autonomy, and the resources necessary, to make it the real estate media and services powerhouse it is fast becoming.

Domain has aggressive growth objectives and we believe it is well-positioned to achieve them. The evidence is in that as in other international markets, like the United Kingdom, there is room for two strong players in the real estate classifieds category.

Domain has leadership in several key markets - it is number one in Sydney and Canberra - and is a serious challenger in other key markets.

We have invested $150 million in acquisitions that expand Domain's footprint and broaden its offering. This has included buying Canberra's leading property portal Allhomes for approximately $50 million in October 2014, and moving from 50% to full ownership of Victoria's premium real estate and lifestyle-focused magazine and newspaper business Metro Media Publishing (MMP). There has also been significant operational investment in sales and product development.

In 2015, Domain made fast progress in executing its strategy:

- 20% increase in agent subscribers to 10,400;
- 16% increase in listings to more than 350,000 with 85% overall market penetration;
- 30% increase in average monthly visits across main, mobile sites and apps to 25 million; and
- National roll-out of agent ownership model.

Domain achieved digital revenue growth of 36% and a 37% increase in digital earnings before interest, tax, depreciation and amortisation (EBITDA) to $61 million. Including the acquired MMP business, Domain Group revenue increased 45% and EBITDA increased 46% to almost $86 million.

Domain is well positioned with a great strategy and a great team. Momentum in this business is strong.

We have also grown our Events business, having combined it with our Life Media business, in order to build on strong natural audience and commercial links.

This new structure brings sharper commercial focus, speed to market, and an improved product mix to our millions of customers.

Our journalism drives enormous audiences and we are taking advantage of that success.

In the year, we expanded the number of events from 15 to 23, with a 41% increase in revenue reflecting strong organic growth, new event launches, and acquisitions such as the Baby & Toddler Show.

Fairfax's radio interests now take the form of a 54.5% shareholding in the ASX-listed Macquarie Radio Network.

During the year Fairfax Radio Network's 3AW, 2UE, 4BC and 6PR stations merged with Macquarie Radio Network's 2GB. The radio merger has created a genuine national news, talk and sport network, bringing together the number one stations in Sydney and Melbourne.

MRN now has the greatest mix of talkback talent ever assembled in a single radio network, engaging with a total audience of 2.3 million.

The merger provides both cost and revenue benefits. Cost benefits are estimated between $10 million and $15 million on an annualised basis and MRN is well underway with business integration.

The restructuring of our radio assets has been a key driver of shareholder value, with further significant value unlocked through our sale of Perth-based 96FM for cash consideration of approximately $78 million.

TRANSFORM

We are well-advanced in creating a sustainable publishing business on the print to digital journey.

Audiences flock to us for the quality, independent journalism and content we deliver in ways our readers want it. We put hundreds of journalists and salespeople into communities to be at the heart of conversations that matter and to create connections that count.

That localism – combined with a national footprint and journalism of significant scale – is our competitive advantage.

Transforming our Australian metropolitan publishing business has included reorganising newsrooms to be genuinely digital-first, significantly reducing costs and outsourcing where appropriate, while

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$287.4M

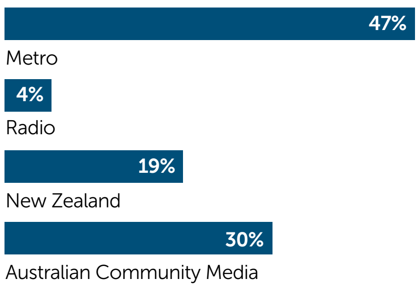
Underlying EBITDA excluding businesses divested

37.1%

Domain digital EBITDA growth

$265M

Cashflow from trading



Share of underlying EBITDA for continuing businesses excluding corporate/other (%)

maintaining reach of almost 11 million Australians aged 14+ across publishing mastheads - which is the largest audience in the company's history. *The Sydney Morning Herald* is the nation's most read masthead across print and digital platforms, with a monthly audience well over five million.

We have dismantled the legacy-based, vertically-integrated structure, and become a leaner, more agile organisation, from editorial production, advertising, sales and contact centres. We run our business on a 24/7 digital-first basis, where the production of a physical newspaper is important but just one part of the process.

Smarter production methods and increased circulation yield have improved profitability.

Closing down our printing operations in Tullamarine and Chullora allowed us to replace presses with an original cost of $600 million with $40 million of extra capital equipment at our regional printing sites in Ballarat and North Richmond.

This rescaling for efficiency saw printing capacity utilisation in Sydney and Melbourne markets improve from 40% to 90%.

We have also improved profitability through the diversification of our revenue base, having introduced digital subscriptions for *The Sydney Morning Herald* and *The Age*, with 159,000 paid digital subscribers as at August 2. The diversification of our revenue base can be seen in print advertising making up just 34% of total Metropolitan revenue in 2015.

Our Metropolitan publishing operating costs are down by 7%, which together with Domain and the new revenue initiatives, have contributed to EBITDA growth for Metropolitan Media of 30%.

We are applying many of the same principles that successfully transformed the operations and performance of our metro business to our Australian Community Media (ACM) business of rural and regional newspapers and websites.

We have restructured ACM from 65 largely separately-run businesses into six geographic operating groups to create a stronger rural and regional media network. This approach has involved working more closely together and sharing resources across our many newspapers, websites and events.

ACM is maintaining a strong footprint for local news, content and sales capability, while adopting new technology and upgrading newsrooms.

Our people are working more efficiently with new systems and digital-first editorial production practices and we have a vastly improved local sales approach.

Our New Zealand publishing business has also been reshaping - through product innovation, as well as significant editorial and sales transformation - to build a digital future and improve audience monetisation.

The business reaches 2.8 million people each day, driven largely by Stuff.co.nz. Stuff has moved from seventh to fourth largest digital site in the country, ahead of YouTube and just behind TradeMe.

Fairfax is leading the way in shaping the modern digital news product for Australians and New Zealanders.

In transforming our publishing business, we are taking advantage of the opportunities presented by the global nature of digital publishing. Around 75% of the audiences of our main metro mastheads are coming to us on digital platforms and increasingly mobile. This trend underpins our efforts to refine our digital news product so it is tailored optimally for our audiences.

Fairfax is in the enviable position of having access to the best intelligence and learnings in the evolving digital environment because of our exclusive relationships with three of the top five digital-only media groups in the US, the centrepiece of which is our relationship with leading global source of news and information *The Huffington Post*, coupled with the alliances formed by our Allure Media business, which is part of the Digital Ventures portfolio.

> FAIRFAX NOW OPERATES WITH A REINVIGORATED AND HIGHLY ENERGISED CULTURE, WITH OUR PEOPLE ADEPT AT USING THE MODERN TOOLS OF MEDIA TO DRIVE AUDIENCE ENGAGEMENT AND COMMERCIAL SUCCESS.

INVEST

Our Digital Ventures business encompasses three core components, the first being digital-only publishing as mentioned above. The second component is Stan, and the third is our range of transactional and early stage investments such as Tenderlink, Weatherzone, RSVP/Oasis Active, Healthshare and Adzuna.

During the year we invested $20 million in Digital Ventures, excluding our investment in Stan. Investments included *The Huffington Post* Australia, game-based e-learning business for children Skoolbo, publishing and online community business Over 60, lightning data business Kattron (part of Weatherzone), and Weatherzone's joint venture with South Africa's leading commercial weather services company AfricaWeather.

We are investing $50 million in Stan over a multi-year period, including marketing and advertising. Stan has a compelling consumer proposition in terms of value and content. The $10 a month service provides subscribers with access to the largest content library of TV shows and movies in Australia.

The SVOD category is fast gaining traction with media consumers looking to supplement their free-to-air viewing with on-demand, internet delivered content.

Consumer interest in Stan has exceeded expectations, with well over 300,000 gross sign-ups as at August 3. There has been a strong response to SMH/*The Age* subscription bundling offers.

Our publishing business has provided valuable marketing and advertising support to our new and growth businesses.

Fairfax has a strong balance sheet with net cash of $64 million, which provides us with considerable flexibility to continue to invest, both in our existing businesses and via acquisition, as we continue the Company's transformation.

OUR PEOPLE

Fairfax now operates with a reinvigorated and highly energised culture, with our people adept at using the modern tools of media to drive audience engagement and commercial success.

The Company's solid financial results are a reflection of the performance of our people.

We are investing in our large, highly talented workforce across Australia and New Zealand and equipping them with the new skills and technology needed to take our business into the future.

Everyone in our business has an unrelenting focus on the future and the great opportunity ahead.

Our people embrace change and innovation and are committed to delivering on our long-term plan to grow, transform and invest.

Step by step, milestone by milestone, we are doing what some thought could not be done.

In reshaping the business, the Fairfax team is proudly at the forefront of developing a contemporary media business model, underpinned by our contemporary journalism.

That outstanding journalism remains at the heart of our business. We deliver quality journalism and content to our large-scale audiences across all available platforms, while maintaining absolute independence and integrity.

Finally, I would like acknowledge our Chairman, Roger Corbett, who is stepping down from the Board after more than 12 years. Roger has made an invaluable contribution and been instrumental in guiding Fairfax, its strategy and transformation. I have valued his wise counsel and advice.

Roger and the Board have overseen the great progress Fairfax has made in recent years. Today, Fairfax is a stronger, more diversified media company.

We are clear-sighted about the immense opportunities ahead and our ability to seize them.

We are confident in our business model and strategy to provide advertising to clients, subscriptions to customers, and leverage our marketing inventory and audiences to grow new businesses, such as Domain and Events.

Fairfax is accelerating into the future. ■

FAIRFAX MEDIA'S COMMERCIAL SUCCESS AND FINANCIAL PERFORMANCE IS VITALLY IMPORTANT TO THE COMPANY'S ABILITY TO PROVIDE MEANINGFUL LONG-TERM BENEFITS TO THE COMMUNITIES WE SERVE THROUGHOUT AUSTRALIA AND NEW ZEALAND.

In all aspects of our business, we maintain a strong focus on environmental and corporate social responsibility (CSR).

We believe it is important to play an active role in supporting local communities. We utilise our position as a community leader to support initiatives and causes which are aligned with our business objectives through measures including sponsorships, contra advertising, partnerships, fundraising campaigns as well as editorial exposure across our extensive network of media assets.

By driving conversations that matter and creating connections that count in the communities we serve, Fairfax uses its trusted voice to deliver a powerful public good.

Our journalism makes communities stronger - more civil, more open and transparent. We hold governments and the powerful up to public scrutiny and to account.

At Fairfax, we strive to be accurate and fair-minded in our reporting. We have established internal processes which aim to ensure this happens.

We embrace self-regulation of the media industry, which we actively support and fund.

Our CSR strategy considers risks and the interests of our customers, employees, shareholders, communities and social and environmental aspects of our business activities and the impact on long-term financial viability.

By integrating CSR into core business processes and stakeholder management, Fairfax can achieve the ultimate goal of creating both social and corporate value.

Fairfax runs a combination of both centralised and decentralised CSR programs to ensure maximum benefits to our local communities, our customers and our employees.

There are five strategic pillars in our CSR and sustainability strategy:

1. Environment
2. Community
3. People and Culture
4. Editorial Integrity
5. Financial Viability and Sustainability

CORPORATE SOCIAL RESPONSIBILITY & SUSTAIN

ENVIRONMENT

Fairfax performs a vital role in educating, informing and raising awareness in the community about important sustainability and environmental issues.

At the same time, the Company's environmental strategies ensure positive action is taken to reduce energy consumption and manage our carbon footprint.

Fairfax's Environment Policy sets out the Company's commitment to managing and improving environmental performance across all business activities, with key impacts being in the areas of waste generation, air and water emissions and recycled waste.

In 2011, Fairfax made a commitment to reduce its carbon emissions by 20% to 25% by 2020.

From FY12 to FY15, a reduction of more than 30% of Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions has been achieved.

The table overleaf highlights Fairfax's improved performance against the 2020 carbon emissions reduction target. To maintain consistency with FY11/12, the GHG figures for following years are from the National Greenhouse Energy Reporting Scheme (NGERS) report.

This achievement is the result of a number of key initiatives including:

> consolidation of printing assets across both Australia and New Zealand;

> education in administration and office facilities across the property portfolio; and

> installation of energy efficient plant, equipment and lighting across a number of key business units.

Fairfax is continuing to focus on further reductions in GHG emissions and environmental performance. A number of key initiatives are under way, including:

> reviewing efficiency opportunities across the Fairfax property portfolio with potential energy and cost savings through better management of energy transmission and distribution losses;

> the introduction of a monthly energy data validation process to identify consumption trends, review energy intensities and pick up anomalies to improve the quality and accuracy of reporting overall;

> implementation of a single waste contract and reporting standards across Australia and New Zealand and development of a waste reduction strategy for all Fairfax sites;

> the introduction of a Carbon Footprint Dashboard to provide up-to-date energy data for management and staff;

> the continuation of the property asset review and real estate consolidation program to reduce floor space, energy consumption and property running and maintenance costs; and

> investigation and analysis of voltage stabilisation technology to reduce power consumption and damage to electronic equipment at print sites caused by power fluctuations.

Fairfax is a co-signatory to the National Environmental Sustainability Agreement.

The Company maintains a strong commitment to using sustainable technologies and materials such as inks with a vegetable oil base and newsprint from sustainable sources.

Fairfax's printing division is a member of The Newspaper Works' Environment Advisory Group (EAG) which aims to advance newsprint recycling, improve product stewardship and promote sustainability.

Fairfax's Events business remains focused on reducing its environmental impact, including waste reduction, with 70% or 242.63 tonnes of food waste generated from events successfully diverted from landfill into compost, organics and recycling in FY15.

IMPROVED PERFORMANCE AGAINST REPORTED 2020 CARBON EMISSIONS REDUCTION TARGET

	2011-12	2012-13	2013-14
T CO2-E (NGERS)	84,976	79,174	68,929
YEAR-ON-YEAR PERFORMANCE (%)		-7%	-13%
2013-14 PERFORMANCE C.F. 2011-12 (%)			-19%

COMMUNITY

Fairfax is committed to supporting and making a positive contribution to the hundreds of communities in which it operates.

We do this in many different ways, each unique to our role as a powerful community leader.

Fairfax newspapers and websites play an important role in encouraging fundraising. For example, Stuff.co.nz utilised a 'givealittle' page to encourage its readers to support the Red Cross Nepal Earthquake appeal in May 2015, raising NZ$57,717.

Fairfax also supports numerous charities through the provision of advertising support.

In FY15, Fairfax and its divisions delivered multi-million dollar exposure for charities and community organisations.

FAIRFAX EVENTS

Fairfax Media is proud to partner with key stakeholders to deliver world-class, mass participation events and experiences in Australia and New Zealand. In FY15, Fairfax attracted more than two million people to its expanding calendar of arts, business, food and wine, parenting and sports events.

Extending our large-scale audiences into communities provides significant social and economic benefits. As well as connecting us to our readers, Fairfax Events enables the Company to build key partnerships with local charities, clubs and associations as well as helping to raise valuable funds for hundreds of deserving charities.

Our sporting events portfolio - including City2Surf (Sydney), City2Sea (Melbourne), City2South (Brisbane), the Swan River Run (Perth) and Round the Bays (Auckland) - works closely with Everyday Hero to promote participants raising money for charity.

Since 1971, Fairfax Events have generated more than $35 million in contributions to various charities, with popular *The Age* Run Melbourne contributing $8.9 million for

400 charities since 2008 and the iconic Round the Bays event in Auckland, New Zealand, raising NZ$1.75 million over the past 11 years for charitable causes and initiatives.

In FY15, Fairfax Events raised around $7 million for charity and community initiatives across Australia and New Zealand.

> *The Sun-Herald* City2Surf, the world's largest community run attracting more than 80,000 participants each year, raised more than $4.5 million for participating charities in August 2014.
> *The Sydney Morning Herald* Half Marathon, Australia's largest 21km running event, in its 23rd year and attracting 12,000+ runners, who raised more than $875,000 for charity.
> *The Sydney Morning Herald* Cole Classic of 3,600+ swimmers and SMH Sun Run of 5,000+ runners raised more than $140,000 in March 2015.
> Fairfax food events, such as Night Noodle Markets, contributed more than $50,000 in cash donations to OzHarvest which provided more than 100,000 meals to vulnerable Australians.

Fairfax Events engages over 5,000 volunteers annually donating more than $150,000 to organisations including Girl Guides, Surf Clubs, Rotary, run clubs and local Scouts.

Fairfax provides national support to the prestigious Australian of the Year Awards, as well as numerous arts organisations and events including the Sydney Festival, Melbourne Festival, Brisbane Festival, Art Gallery of New South Wales, National Gallery of Australia and the Melbourne and Sydney Film and Writers' Festivals.

The inaugural *Sydney Morning Herald* Spectrum Now arts festival held in March 2015 partnered with Melanoma Institute Australia (MIA), the world's largest melanoma research and treatment centre, by fundraising and promoting the important work of the MIA.

AUSTRALIAN COMMUNITY MEDIA

Fairfax's Australian Community Media includes hundreds of rural and regional newspapers and websites which proudly support a range of charitable and community causes across Australia, through cash and in-kind contributions. In FY15, ACM contributed more than $366,000 to assist hundreds of special groups, projects and programs.

RADIO

Fairfax's radio assets (prior to the radio transactions completed in early 2015) continued to support hundreds of national and local non-profit organisations through community-based activities, sponsorships and community service announcement airtime in FY15. The total value of this contra airtime was $3.7 million.

WORKPLACE GIVING

Fairfax's Australian employees are encouraged to participate in our More than Words' workplace giving initiative by donating part of their pre-tax salary to nominated charities. More than $858,000 has been donated since the program started in 2005.

AUSSMC

Fairfax Media is a Foundation Sponsor of the Australian Science Media Centre (AusSMC) - an independent, not-for-profit service aimed at better informing public debate on major science issues - providing financial and in-kind support since 2005. AusSMC works for the benefit of the

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY CONT'D

COMMUNITY CONT'D

broader community by fostering stronger links between the media and the scientific community to encourage the dissemination of evidence-based science information.

NZ HOUSE & GARDEN HOUSE TOURS

NZ House & Garden House Tours profiles some of New Zealand's most stunning homes in four regions across the country, while supporting a charitable cause - the NZ Breast Cancer Foundation. Fairfax provides the NZ Breast Cancer Foundation with a NZ$50,000 cash donation, along with a NZ$100,000 media campaign.

NEWS IN EDUCATION PROGRAM

Stuff.co.nz's award-winning News in Education (NiE) program supports teachers across New Zealand with high-quality, motivating, curriculum-based resources on a range of topics and subject areas. NiE provides mini newspapers, aimed at five different curriculum levels from Years 1-2 through to Years 9-10.

CREATIVE SPIRIT

Creative Spirit (creativespirit.org.nz) is a Fairfax New Zealand initiative setting the challenge to employers in all industries, especially media and advertising, to provide employment opportunities to people with disabilities.

Since Fairfax NZ started the Creative Spirit journey in 2012, the number of opportunities created within Fairfax alone has grown substantially, with the Company actively involved in assisting many other businesses to do the same.

PEOPLE AND CULTURE

Fairfax works to actively build a diverse, innovative and highly engaged workforce. It is important in enhancing the quality and creativity that underpins our brands and businesses, and which makes Fairfax a good place to work.

Our business is underpinned by a robust culture, values and behaviours and open, transparent manager-led two-way communication.

The Company has identified its people and culture as being critically important in delivering its business objectives, as well as attracting and retaining high quality staff.

This includes promoting gender diversity, equality and inclusiveness in our workplace in all respects. More information on how Fairfax creates a fair and inclusive workplace can be found in the Corporate Governance section of this report.

Our transformation involves significant change and building a culture which is adaptive, resilient and prepared to continually evolve as the strategy develops.

While some areas of the business are reducing headcount, in other areas of the business we are hiring staff and investing.

Our culture and values are embedded and reinforced across all areas of the business, including in the performance management system and processes, learning and development programs, as well and recognition and reward programs to acknowledge success and achievement.

HEALTH & SAFETY

Fairfax has continued to put safety at the forefront of its operating principles.

This has resulted in a significant improvement in safety performance in 2015. Since the 2009/2010 financial year, the Company has reduced the number of Lost Time Injuries by 73%, achieving a 48% reduction from FY13/14 to FY14/15. Headcount reductions contribute to this change, however, the majority of the reduction is the result of the Company's significantly improved focus on safety accountability through various policy, training and education measures.

Fairfax exceeded its target for Group Lost Time Injury Frequency Rate (LTIFRMAT) in FY15, achieving 1.47 as of June 2015 compared with a target of 2.32. This is an overall reduction of 36.6% compared with FY14.

CELEBRATING DIVERSITY

Across all levels of Fairfax we are committed to pursuing gender diversity, equality and inclusiveness for all employees. The Company has set a target of achieving 35% of women in senior management positions across the business by 2018.

To support Fairfax's focus on increasing the number of women in senior roles, our recruitment practice has been updated. Fairfax's recruitment practice now requires at least one woman be included on all selection panels and shortlists for all senior positions.

Changes were also made to the Fairfax Diversity Guidelines in FY15, including updated recruitment and promotion processes, development of frameworks for identification, assessment and development of high-performing talent, as well as a review of talent and succession management programs.

More information about Fairfax and diversity is included in the Corporate Governance section of this report.

WOMEN OF INFLUENCE AWARDS

Fairfax's *The Australian Financial Review* has been a proud partner together with Westpac of the 100 Women of Influence Awards since 2011. Fairfax also works with Westpac to run the 60 Women of Influence Awards in New Zealand. These awards have had a profound influence in business by raising gender diversity to the top of the agenda, and creating a powerful platform for the most influential, visionary and inspirational women to share their positive stories.

Fairfax also runs the Women of Influence program for its employees. The initiative has gained momentum over the past three years and now has an alumni of 13 winners who are positive role models for others.

MENTORING PROGRAM

Fairfax's values and cultural drivers are embedded within our internal employee development programs. Our successful Mentoring Program provides a structured framework for our people to share professional and personal experiences and knowledge. The 2015 Fairfax Mentoring Program paired 450 motivated and committed staff in Australia and New Zealand, building mutually beneficial relationships between highly-skilled mentors and high-performing mentees to support knowledge and skills transfer across the business.

FAIRFAX FOUNDATION

The Fairfax Foundation was established in 1959, operating separately from Fairfax Media with the purpose of providing support to current and former Fairfax employees and their dependants. During the 2015 financial year, the Foundation provided $383,185 in financial grants, loans and other benefits to eligible recipients.

EMPLOYEE SUPPORT SERVICES

Fairfax offers independent, confidential external assistance and counselling services, through provider Optum, to all employees across Australia and New Zealand and their immediate families. This 24-hour service provides direct counselling and support on a wide range of issues. In FY15, 325 staff and their families accessed the service and 708 employees utilised Optum's online portal.

2,821

Employees received a free flu vaccination

711

Employees made use of company-subsidised gym facilities

205

Employees attended Leadership Development programs

2,634

Employees attended Learning and Development training programs

1,028

Employees received company subsidised entry to company-run sporting events

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY CONT'D

EDITORIAL INTEGRITY

Fairfax is proud of its 184-year history of providing quality independent journalism. Our journalists pursue the truth without fear or favour. All our journalists operate with a robust code of ethics.

We maintain an uncompromising approach to media ethics and integrity, with our "Independent. Always." editorial position celebrating our point of difference and competitive advantage as a news media organisation, spanning print, digital, radio and social platforms.

Fairfax's multi-award-winning journalism is recognised for its powerful role in influencing change and the social agenda, sparking public interest and debate, and serving as a source of timely and reliable information for its audiences and communities.

EDITORIAL INTEGRITY IN ACTION EXAMPLES INCLUDE:

Financial Planning Scandals: Senior Business journalist Adele Ferguson won Australia's highest journalism accolade in December 2014, The Gold Walkley, for her tenacious reporting into financial planning scandals. Ferguson's collaboration with Deb Masters and Mario Christodoulo (ABC) titled 'Banking Bad' prompted a Senate inquiry and subsequent compensation for victims. Ferguson's work was also recognised with Melbourne Press Club Gold Quill, NSW Journalist of the Year Kennedy Award, and Logie for Most Outstanding Public Affairs Report.

International Affairs: *The Sydney Morning Herald*'s Matt Wade was awarded the 2014 Australian Council for International Development (ACFID) Media Award for excellence in reporting on international development issues, for his effort to highlight the 'forgotten famine' in South Sudan with a series of articles. The judges commended Matt for articulating, in a dignified and accessible way, the complex historical and political situation in South Sudan and for compassionately pursuing stories the world had forgotten.

Women's Rights: *The Courier's* Kim Quinlan was presented with the prestigious 2014 United Nations Association of Australia award for Increasing Awareness and Understanding for Women's Rights and Issues, following the five-month 'It's Up to Us' campaign. Under Kim's leadership, the stories broke down community barriers and paved the way for a new conversation about family violence. 'It's Up to Us' was also awarded the Rural Press Club of Victoria best feature award and back-to-back City of Ballarat Community Safety Awards.

Climate Change: *The Sydney Morning Herald*, *The Age* and Stuff.co.nz are founding partners of the Climate Publishing Network (CPN), a 25-strong new global publishers' network collaborating to educate and inform communities about the important issue of climate change. The CPN is coordinated by the Global Editors Network and connects Fairfax Media

with publishers including *The Guardian*, *Le Monde* and *China Daily* in a global conversation to raise awareness about climate change.

The Sydney Morning Herald and *The Age* have run a special 'Climate for Change' series on global warming.

Environment: *Newcastle Herald's* Donna Page teamed with colleagues Matthew Kelly, Helen Gregory and Damon Cronshaw on the investigative series 'Toxic Truth', exposing the failed state-sanctioned clean-up of pollution from a former lead smelter at Boolaroo in Lake Macquarie NSW, and its ongoing health effects on the community. The series, which involved collecting dozens of soil samples, won the United Nations Association of Australia's overall media award for World Environment Day. Toxic Truth was also used as an exemplar in The Newspaper Works' Influential by Nature campaign.

Social Issues: *The Age*'s Aisha Dow in June 2015 uncovered the moving story of a 19-year-old homeless girl living under a bridge in the inner city and determined to complete her Victorian Certificate of Education.

Within 24 hours of the story running on *The Age* front page, the newspaper was flooded with offers of support; within the week she had a free flat for herself and her boyfriend, additional coaching for her studies, and a confirmed offer of a place with La Trobe University if she passed her exams.

The Canberra Times created a series 'Behind Closed Doors' in April 2015 to raise awareness about domestic violence in the nation's capital, which promoted additional funding from the government to address the issues.

Mental Health: *The Border Mail's* PANPA award-winning 'Ending the Suicide Silence' campaign following a series of local youth suicides led to the opening of a Headspace centre in Albury, Victoria in January 2015, signalling to the community the power of the local masthead in advocating change - with lasting impact.

FINANCIAL VIABILITY AND SUSTAINABILITY

Being financially sustainable is necessary to serve shareholders' interests and fulfil our corporate purpose, which is to grow shareholder value by engaging audiences, communities and businesses through compelling content and services, monetised across a range of business models.

Fairfax is successfully delivering its transformation plan as the traditional media landscape continues to evolve and digital trends continue, which presents short term risk and immense opportunity.

The Company is taking necessary actions to address the challenges the media faces and to shape a new model and structure to sustain the important work we do.

INVEST

"INVESTING TO DEVELOP NEW GROWTH VERTICALS, E.G. OUR SUBSCRIPTION VIDEO-ON-DEMAND JV, STAN, AND UTILISE BALANCE SHEET STRENGTH TO PURSUE STRATEGIC OPPORTUNITIES TO CREATE SHAREHOLDER VALUE."

FINANCE

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KEY NUMBERS	GROUP STRUCTURE	OPERATING ASSETS AND LIABILITIES	CAPITAL STRUCTURE AND FINANCIAL COSTS	UNRECOGNISED ITEMS	OTHER
2. Revenues	6. Business combinations, acquisition and disposal of controlled entities	9. Intangible assets	15. Interest bearing liabilities	21. Commitments	24. Other financial assets
3. Expenses	7. Assets and liabilities held for sale	10. Receivables	16. Derivative financial instruments	22. Contingencies	25. Taxation
4. Significant items	8. Investments accounted for using the equity method	11. Inventories	17. Financial and capital risk management	23. Events subsequent to reporting date	26. Employee entitlements
5. Segment reporting		12. Payables	18. Equity		27. Remuneration of auditors
		13. Provisions	19. Dividends paid and proposed		28. Related parties and entities
		14. Property, plant and equipment	20. Earnings per share		29. Notes to the cash flow statement
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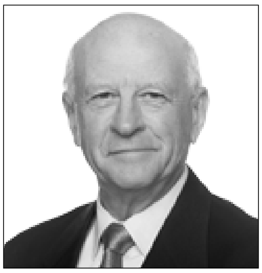
BOARD OF DIRECTORS



ROGER CORBETT, AO
NON-EXECUTIVE CHAIRMAN

APPOINTED TO THE BOARD 4 FEBRUARY 2003

Mr Corbett was elected Chairman of the Board in October 2009.

He has been involved in the retail industry for more than 50 years. In 1984, Mr Corbett joined the Board of David Jones Australia as Director of Operations. In 1990, he was appointed to the Board of Woolworths Limited and to the position of Managing Director of BIG W. In 1999, Mr Corbett was appointed Chief Executive Officer of Woolworths Limited. He retired from that position in 2006.

Mr Corbett is a Director of the Reserve Bank of Australia, a Director of Wal-Mart Stores and Chairman of Mayne Pharma Group Limited. He is also Chairman of the Salvation Army Advisory Board (Australian Eastern Territory) and a member of the Dean's Advisory Group of the Faculty of Medicine at the University of Sydney.

Other Current Australian Listed Company Directorships:
Mayne Pharma (appointed November 2010).

Former Australian Listed Company Directorships in Last 3 Years:
PrimeAg Australia (resigned November 2013).

MICHAEL ANDERSON
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 2 SEPTEMBER 2010

Mr Anderson has had a long career in the radio industry including as Chief Executive of Austereo Limited from 2003 until January 2010.

During his time as Chief Executive he focused the company on building strong station brands and adapting the business to the changing media market, including building and maintaining market leadership and developing new strategic directions, focusing on target audiences and adapting to increased competition.

He has been a leader in adapting radio to the digital era and is Director of OzTAM Pty Limited and Chairman of Ooh! Media Limited.

Other Current Australian Listed Company Directorships:
Ooh! Media Limited (appointed July 2013).

JACK COWIN
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 19 JULY 2012

Mr Cowin is the Founder and Executive Chairman of Competitive Foods Australia, a business that has grown from a single food service outlet to one that employs more than 16,000 staff throughout Australia. Mr Cowin moved to Australia from Canada to establish his business. In addition to operating 350 restaurants in Australia, the company operates five manufacturing facilities producing frozen value-added meat products as well as processing fresh vegetables. It exports to 29 countries.

Mr Cowin is also a Director of the Network Ten television business, Chairman and largest shareholder of Domino's Pizza Enterprises Ltd, a listed public company, and Director and largest shareholder of BridgeClimb.

Other Current Australian Listed Company Directorships:
Ten Network Holdings Limited (appointed April 1998), Domino's Pizza Enterprises Limited (appointed 20 March 2014).

Former Australian Listed Company Directorships in Last 3 Years:
Chandler Macleod Group (resigned 7 April 2015).

NICK FALLOON
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 1 MAY 2015

Mr Falloon was appointed to the Board in May 2015 and succeeds Mr Corbett as Chairman in August 2015. Mr Falloon has had 30 years experience in the media industry, 19 years working for the Packer owned media interests from 1982 until 2001.

Mr Falloon served as Chief Executive Officer of Publishing and Broadcasting Limited (PBL) from 1998 to 2001 and before that as Chief Executive Officer of PBL Enterprises and Group Financial Director of PBL.

The PBL experiences provided a strong background in television, pay TV, magazines, radio and digital industries. From 2002 Mr Falloon spent nine years as Executive Chairman and CEO of Ten Network Holdings. Mr Falloon holds a Bachelor of Management Studies (BMS) from Waikato University in New Zealand.

GREGORY HYWOOD
EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD (NON-EXECUTIVE) 4 OCTOBER 2010
APPOINTED AS CEO AND MANAGING DIRECTOR 7 FEBRUARY 2011

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

He was Executive Director Policy and Cabinet in the Victorian Premier's Department between 2004 and 2006, and from 2006 to 2010 was Chief Executive of Tourism Victoria.

Other Current Australian Listed Company Directorships:
Macquarie Radio Network Limited (appointed 31 March 2015).

SANDRA MCPHEE, AM
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 26 FEBRUARY 2010

Ms McPhee was appointed to the Board of Directors on 26 February 2010. She is a Director of AGL Energy Limited and Kathmandu Limited. Her previous Directorships include Scentre Group (previously Westfield Retail Trust), Australia Post, Coles Group Limited and Perpetual Limited. Prior to becoming a Non-Executive Director, Ms McPhee held senior executive positions in a range of consumer oriented industries including retail, tourism and aviation, including 10 years with Qantas Airways Limited.

Other Current Australian Listed Company Directorships:
AGL Energy Limited (appointed October 2006), Kathmandu Holdings Limited (appointed 16 October 2009).

Former Australian Listed Company Directorships in Last 3 Years:
Scentre Group (resigned 7 May 2015), RE1 Limited and RE2 Limited (Westfield Retail Trust) (resigned 1 July 2014).

JAMES MILLAR, AM
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 1 JULY 2012

Mr Millar is the former Chief Executive Officer of Ernst & Young (EY) in the Oceania Region and was a Director on their Global Board. Mr Millar commenced his career in the Insolvency and Reconstruction practice at EY, conducting some of the largest corporate workouts of the early 1990's. He has qualifications in both business and accounting. Mr Millar is a Non-Executive Director of Mirvac Limited, Helloworld Limited and Macquarie Radio Network Limited. He is Chairman of both the Export Finance and Insurance Corporation and Forestry Corporation of NSW. Mr Millar serves a number of charities where he is the Chairman of The Smith Family, and is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation. He is a former Chairman of Fantastic Holdings Limited.

Other Current Australian Listed Company Directorships:
Mirvac Limited (appointed 19 November 2009), Helloworld Limited (appointed 30 September 2010), Macquarie Radio Network Limited (appointed 31 March 2015).

Former Australian Listed Company Directorships in Last 3 Years:
Fantastic Holdings Limited (resigned 30 June 2014).

BOARD OF DIRECTORS

LINDA NICHOLLS, AO
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 26 FEBRUARY 2010

Mrs Nicholls has more than 30 years' experience as a senior executive and company Director in Australia, New Zealand and the United States. She is currently the Chair of Japara Healthcare and Keolis Downer and a Director of Pacific Brands, Sigma Pharmaceuticals, and Medibank Private.

Mrs Nicholls holds a Bachelor of Arts in Economics from Cornell University and a Masters of Business Administration from Harvard Business School, where she was formerly Trustee and Vice President of The Harvard Business School Alumni Board.

Other Current Australian Listed Company Directorships:
Japara Healthcare (appointed 19 March 2014), Medibank Private (appointed March 2014), Pacific Brands Group (appointed October 2013), Sigma Pharmaceuticals (appointed April 1997).

TODD SAMPSON
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 29 MAY 2014

Mr Sampson is the national Chief Executive Officer of Australia's leading communications company, Leo Burnett Australia and a Non-Executive Director to the Board of Qantas Airways Limited. He has an MBA and has spent nearly 20 years working as a strategic advisor with a diverse range of expertise including marketing, communication, digital transformation, new media, reputational risk and corporate turnaround. Both News Limited and The Australian Financial Review ranked him as one of Australia's most influential executives. He is also a writer, producer and host on a number of TV shows including Gruen Planet, The Project and the award winning documentary Redesign My Brain. Outside of work, he enjoys mountaineering and has climbed to the top of Mount Everest, unguided.

Other Current Australian Listed Company Directorships:
Qantas Airways Limited (appointed March 2015).

PETER YOUNG, AM
NON-EXECUTIVE DIRECTOR

APPOINTED TO THE BOARD 16 SEPTEMBER 2005

Over the last 30 years, Mr Young has been an investment banking executive in Australia, New Zealand and the U.S.A. He is currently the Chairman of Barclays Australia and New Zealand and Chairman of Standard Life Investments Australasia.

Mr Young was a member of the Royal Bank of Scotland's Advisory Council in Australia. He also served as Chairman of Investment Banking for ABN AMRO in Australia and New Zealand, Chairman of Queensland Investment Corporation and a Director of PrimeAg Australia. From 1998 to 2002, Mr Young was Executive Vice Chairman, ABN AMRO Group (Australia and New Zealand) and Head of Telecommunications, Media & Technology Client Management for Asia Pacific. Mr Young is also a member of Standard Life plc Asia Advisory Board, a member of the Barangaroo Delivery Authority Board, the Sydney Theatre Company and Governor of the Taronga Foundation.

He is involved in a number of community, environmental and artistic activities.

Former Australian Listed Company Directorships in Last 3 Years:
PrimeAg Australia Limited (resigned November 2013), QIC Limited (resigned November 2013).

DIRECTOR'S REPORT

The Board of Directors presents its report together with the financial report of Fairfax Media Limited (the Company) and of the consolidated entity, being the Company and its controlled entities for the period ended 28 June 2015 and the auditor's report thereon.

DIRECTORS

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

ROGER CORBETT, AO
NON-EXECUTIVE CHAIRMAN

MICHAEL ANDERSON
NON-EXECUTIVE DIRECTOR

JACK COWIN
NON-EXECUTIVE DIRECTOR

NICK FALLOON
NON-EXECUTIVE DIRECTOR
APPOINTED 1 MAY 2015

GREGORY HYWOOD
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

SANDRA MCPHEE, AM
NON-EXECUTIVE DIRECTOR

JAMES MILLAR, AM
NON-EXECUTIVE DIRECTOR

LINDA NICHOLLS, AO
NON-EXECUTIVE DIRECTOR

TODD SAMPSON
NON-EXECUTIVE DIRECTOR

PETER YOUNG, AM
NON-EXECUTIVE DIRECTOR

DIRECTOR'S REPORT

A profile of each Director holding office at the date of this report is included in the Board of Directors section of this report.

COMPANY SECRETARY

Gail Hambly is Group General Counsel and Company Secretary. She is a commercial and media law specialist. Ms Hambly is Chair of CopyCo Pty Limited, a Director of Trade Me Limited and Sydney Story Factory. She is a member of the Media and Communications Committee and the Privacy Committee for the Law Council of Australia, a member of the Advisory Board for the Centre of Media and Communications Law at the Melbourne Law School, a member of Chartered Secretaries Australia and of the Australian Institute of Company Directors. She holds degrees in Law, Economics and Science.

CORPORATE STRUCTURE

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

PRINCIPAL ACTIVITIES

During the course of the financial year the consolidated entity operated as a multi-platform media, marketing services and real estate services group.

The principal activities were the publishing of news, information and entertainment, advertising sales in print and digital formats, and radio broadcasting. The group operates or holds investments in a number of digital businesses.

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

CONSOLIDATED RESULT

The profit attributable to the consolidated entity for the financial year was $83,168,000 (2014: $224,432,000).

DIVIDENDS

An interim fully franked dividend of 2.0 cents per ordinary share and debenture was paid on 18 March 2015 in respect of the half year ended 28 December 2014.

Since the end of the financial year, the Board has declared a partly franked dividend of 2.0 cents per ordinary share and debenture in respect of the year ended 28 June 2015. This dividend is payable on 8 September 2015.

REVIEW OF OPERATIONS

Revenue and income for the Group was lower than the prior year at $1,878 million (2014: $1,988 million). After significant items of $61 million loss (2014: $66.7 million) the Group generated a net profit after tax of $83.2 million (2014: $224.4 million). Earnings per share decreased to 3.5 cents (2014: 9.5 cents).

Further information is provided in the Management Discussion and Analysis Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

On 10 July 2014, the Company repaid US$105 million (A$125 million) of senior notes.

On 2 October 2014, the Company acquired All Homes Pty Ltd and All Data Australia Pty Ltd for total consideration of $51.5 million.

On 22 January 2015, the Group acquired the remaining 50% of issued shares in MMP Holdings Pty Ltd for total consideration of $75.4 million including $18.5 million in cash.

On 30 January 2015, the Company completed an agreement to sell Radio 96FM Perth Pty Limited to APN News & Media Limited for cash consideration of $78 million.

In March 2015, the Group commenced an on market share buyback of ordinary shares as part of the Group's ongoing capital management strategy. At June 2015, 37.1 million shares were repurchased and cancelled for $37.9 million.

On 31 March 2015, the Company entered into merger with Macquarie Radio Network Limited and has received $18 million in cash consideration and holds a 54.5% shareholding.

There are no subsequent events after reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity's prospects and strategic direction are discussed in the Management Discussion and Analysis Report.

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

No material non-compliance with environmental regulation has been identified relating to the 2015 financial year.

The Company reported to the Department of Climate Change on the total carbon emissions of the Group generated in the 2014 financial year under the National Greenhouse and Energy Reporting legislation. The Group's main source of carbon emissions overall was from electricity consumption at its larger sites and total scope 1 and 2 emissions reported was 68,929 (2013: 79,174) tonnes CO2-e.

REMUNERATION REPORT

A remuneration report is set out on the pages that follow and forms part of this Directors' Report.

DIRECTORS' INTERESTS

The relevant interest of each Director in the equity of the Company and related bodies corporate as at the date of this report are disclosed in the remuneration report.

MEETINGS*

	BOARD MEETING		AUDIT AND RISK		NOMINATIONS		PEOPLE AND CULTURE	
	NO. HELD	NO. ATTENDED	NO. HELD	NO. ATTENDED	NO. HELD	NO. ATTENDED	NO. HELD	NO. ATTENDED
R Corbett AO**	9	9	4	4	3	3	6	6
G Hywood***	9	9	-	-	-	-	-	-
M Anderson	9	9	-	-	-	-	7	7
J Cowin	9	7	-	-	-	-	7	4
N Falloon	2	2	-	-	-	-	-	-
S McPhee AM	9	9	-	-	-	-	7	7
J Millar AM	8	7	4	4	3	3	-	-
L Nicholls AO	9	9	4	4	3	3	-	-
T Sampson	9	7	-	-	-	-	-	-
P Young AM	9	7	4	4	3	2	-	-

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

** Mr Corbett, Chairman, is an ex officio member of all Board committees. Mr Corbett resigned from the People and Culture Committees on 29 May 2015.

*** Mr Hywood attends the Audit and Risk, People and Culture and Sustainability and Corporate Responsibility Committee meetings as an invitee of the Committees.

DIRECTOR'S REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

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

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the financial year.

NO OFFICERS ARE FORMER AUDITORS

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

NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor, Ernst & Young, for non-audit services provided during the financial year are set out below. Details of amounts paid or payable for audit services are set out in Note 27 to the financial statements.

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

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 follows this report.

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

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

- Australia $118,141
- Overseas $63,654

Other assurance and non-assurance services:

- Australia $816,167

ROUNDING

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts contained in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Roger Corbett, AO
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of Fairfax Media Limited for the financial year ended 28 June 2015, 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

Douglas Bain
Partner
13 August 2015

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board, I am pleased to present Fairfax Media's Remuneration Report for 2015.

Fairfax's financial results for 2015 reflect a robust financial position forming the basis for future growth.

As the Chairman's and CEO's reports highlight, the Company is making pleasing progress with its business strategy of maximising long term shareholder value and transforming from a traditional media business into a stronger, more diversified media company increasingly focused on high-growth opportunities.

Fairfax delivered underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of $289.4 million for the year, excluding significant items, which was marginally lower than last year.

This result was achieved whilst making significant investment into growth opportunities totalling around $42 million, the majority of which is still to be fully reflected in business performance.

Specifically during the 2015 financial year we:

- made considerable investments in our growth businesses including Domain and Events;
- made substantial portfolio investment decisions including the acquisitions of All Homes and the remaining 50% of Metro Media Publishing Holdings in Domain;
- developed partnership opportunities including Stan, the streaming venture with Nine Entertainment Co., The Huffington Post, and the merger of our Radio business with Macquarie Radio Network including the sale of radio station 96FM;
- continued cost management control;
- commenced the transformation of our Australian Community Media division to build a modern stronger rural and regional network.

Transformation Incentive Plan (TIP)

Shareholders at the 2014 Annual General Meeting approved the Remuneration Report which included the continuation of the Company's Transformation Incentive Plan (TIP) for 2015. The TIP was implemented as approved. Incentives continue to be heavily weighted toward achieving long-term growth, with a smaller portion toward delivering short-term objectives.

The TIP strongly aligns executive rewards with shareholder interests since any incentive award for executive Key Management Personnel (KMP) is made entirely in equity, through a combination of long term options and annual deferred performance shares which are subject to achievement of performance hurdles.

Annual Component: In 2015 we reduced the amount of incentive available to KMP for achieving budgeted outcomes. KMP were assessed against two annual metrics, Group EBITDA and Group Revenue.

Management recognised that there was a strategic imperative to continue to focus on long term growth, as well as short term earnings, and made certain decisions to invest to support the long term growth of the Group. As a result, KMP narrowly missed achieving targets and no annual component will be paid in 2015. Details of the objectives and outcomes are set out later in this Remuneration Report.

Long Term Incentives: None of the allocations under the TIP were eligible to vest in 2015. However, both the 2014 and 2015 allocations are currently tracking to satisfy performance hurdles which if achieved will deliver strong value to shareholders.

Previous Incentive Schemes

There were two allocations under the previous long term incentive schemes which were eligible to vest at the end of 2015. The 2012 allocation did not meet the performance hurdles and was totally forfeited. The performance rights in the 2013 allocation partially vested. The vesting of these rights is reflective of strong shareholder growth over this period.

Other Remuneration elements

KMP base pay remained unchanged in 2015 and the KMP also continued to sacrifice 10% of their annual fixed remuneration into Fairfax shares.

On behalf of the Board, I would like to thank our executives for their continued efforts in achieving significant progress for the Company in the past year.

The Board recommends the Remuneration Report to you and asks that you support our remuneration policies and practices by voting in favour of this Report at our 2015 Annual General Meeting.

Yours faithfully,

Sandra McPhee, AM
Chair – People and Culture Committee

REMUNERATION REPORT (AUDITED)

1. INTRODUCTION

This report forms part of the Company's 2015 Directors' Report and sets out the Fairfax Group's remuneration arrangements for Key Management Personnel (KMP) in accordance with the requirements of the Corporations Act 2001 and its regulations. KMP comprises Directors and members of the senior executive team who have authority and responsibility for planning, directing and controlling the activities of the Fairfax Group.

The KMP for the financial year are set out in Table 1.

TABLE 1

	ROLE
NON-EXECUTIVE DIRECTORS	
Roger Corbett	Non-Executive Chairman
Michael Anderson	Non-Executive Director
Jack Cowin	Non-Executive Director
Nick Falloon[(1)]	Non-Executive Director
Sandra McPhee	Non-Executive Director
James Millar	Non-Executive Director
Linda Nicholls	Non-Executive Director
Todd Sampson	Non-Executive Director
Peter Young	Non-Executive Director
EXECUTIVE DIRECTOR	
Greg Hywood	Chief Executive Officer
OTHER EXECUTIVES	
David Housego	Chief Financial Officer
Gail Hambly	Group General Counsel/Company Secretary

(1) Nick Falloon joined the Board on 1 May 2015

2. REMUNERATION FRAMEWORK FOR 2015

The Company's remuneration principles and framework set out below were established in 2013 and received shareholder approval in 2013 and 2014. The principles and framework remained unchanged in 2015.

2.1 REMUNERATION PRINCIPLES AND FRAMEWORK

FAIRFAX MEDIA EXECUTIVE REMUNERATION FRAMEWORK

The objectives of the Company's executive remuneration framework are to align executive remuneration with the creation of value for shareholders, achievement of strategic objectives, and to have regard to the employment market so as to be able to attract and retain key people.

The executive remuneration framework comprises a mix of fixed and performance based components. The framework aims to:

- align remuneration with achievement of business strategy;
- fairly remunerate and reward for achievement of Group strategic milestones, with incentive payments deferred to promote alignment with shareholder interests;
- attract, retain and motivate talented, qualified and experienced people in the context of industry changes; and
- be transparent and fair.

Fixed Remuneration Package

- set to attract and retain high calibre talent to drive the Company's transformation strategy.
- has regard to the scope of the individual's role, level of knowledge and experience, and the market (including Fairfax's competitors).
- most senior executives' fixed remuneration was frozen in 2015.
- for 2015, executive KMP continued to volunteer to sacrifice 10% of their annual fixed remuneration into Fairfax shares.
- acknowledging the voluntary sacrifice, and as a further retention mechanism, if the executive KMP is still employed at the end of a 2 year period, then Fairfax will provide one additional bonus share for every five shares purchased by the executive through the voluntary salary sacrifice arrangement.

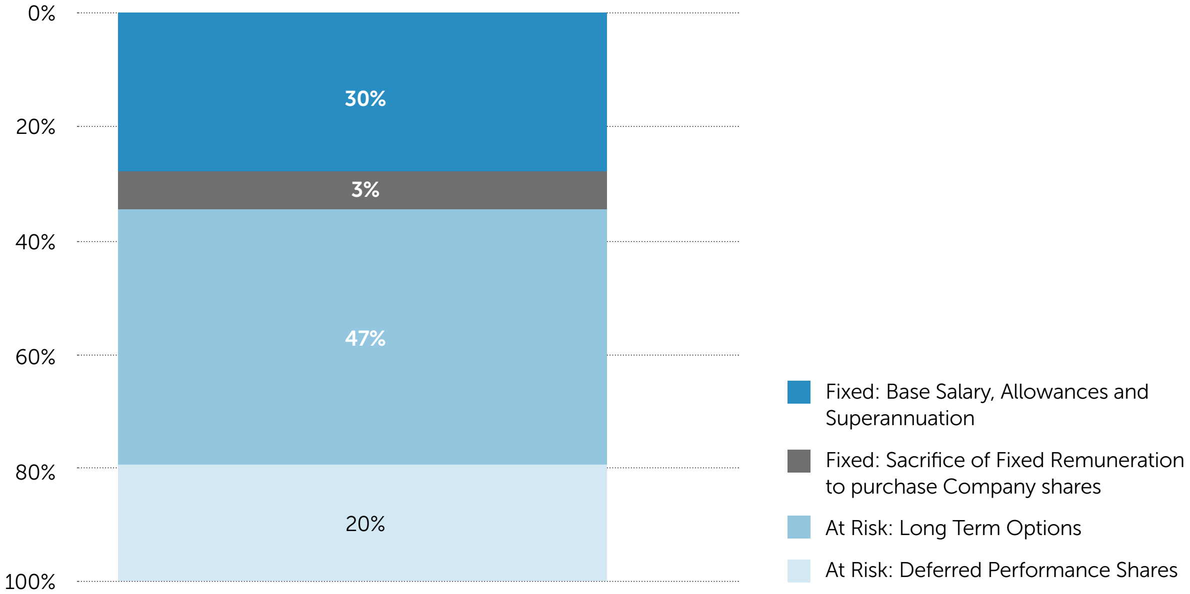
Performance Based Incentives - Transformation Incentive Plan

- the Transformation Incentive Plan (TIP) was implemented during 2014 replacing the former short term and long term incentive plans. The TIP better aligns executive outcomes with shareholder interests and provides rewards on delivery of our transformation plan.
- the TIP is designed to reward the most senior executives if they achieve the transformation plan for the Company over 3-4 years.
- under the TIP, long term options are granted. The options are exercisable only if challenging absolute shareholder return objectives are achieved at the end of the vesting period.
- a smaller proportion of deferred performance shares are granted if specific annual business metrics linked to the transformation of the Company are achieved. Metrics are measurable and are weighted and tailored according to each executive's responsibilities.
- any performance shares earned are deferred so that executives do not become entitled to the equity until later in the transformation process which also promotes and rewards longer term service by the executives.

2.2 REMUNERATION MIX

The Board considers that a significant proportion of executive remuneration should be 'at risk', and linked to Fairfax's short and long term strategy and performance. The following diagram provides the executive KMP remuneration mix for the 2015 financial year at maximum opportunity.

EXECUTIVE KMP



Note – Long term options are granted at on-target performance. Determination of further options up to the maximum opportunity will be at the Board's discretion based on the outcomes against the performance hurdles at the conclusion of the performance period.

The Company encourages executives to hold Fairfax Media shares to align their interests with our shareholders, and the Company's remuneration framework has been developed with this in mind.

To reinforce this, during 2015 executive KMP continued to sacrifice 10% of their fixed remuneration, post-tax, into Company shares. Furthermore the TIP rewards executives with equity grants of long term options and deferred performance shares.

REMUNERATION REPORT (AUDITED)

3. REMUNERATION GOVERNANCE

The Board's goal is to align Fairfax's executive remuneration strategy with Company performance and shareholder interests.

Importantly, the Board is focused on delivering a remuneration framework that attracts and retains the right executive team to establish and deliver upon Company strategy, and growth in shareholder value.

The People and Culture Committee (P&CC), comprising solely of Non-Executive Independent Directors, assists the Board in discharging its duties.

The members of the P&CC during 2015 were:

- Sandra McPhee (Chair);
- Roger Corbett;
- Michael Anderson;
- Jack Cowin.

The CEO, CFO, Group General Counsel/Company Secretary and Group Director Human Resources attend P&CC meetings as invitees except when their own performance or remuneration arrangements are being discussed.

The Board has a formal Charter for the P&CC which sets out the responsibilities, composition and rules of the Committee. The Committee's primary responsibilities include making recommendations in relation to executive remuneration that support the remuneration strategy and the performance conditions that underpin it, to promote the achievement of the Group's strategy, make recommendations to the Board on Non-Executive Directors fees (within the maximum amount approved by shareholders) and review and recommend to the Board the aggregate remuneration pool of Non-Executive Directors. Further details of the role and responsibilities of the Committee are set out in its Charter, which is available on the Fairfax Media website, www.fairfaxmedia.com.au.

The Committee engages independent remuneration consultants to provide advice and information regarding market relativities as required, and during the year 3 Degrees Consulting was engaged by the Committee to provide advice on governance, market practice, emerging market considerations and regulatory developments.

REMUNERATION REPORT (AUDITED)

4. LINKING EXECUTIVE REMUNERATION TO PERFORMANCE

The remuneration structure aligns executive rewards with our shareholders over the medium and longer term and provides an appropriate incentive to deliver on our strategy. During the 2015 financial year we:

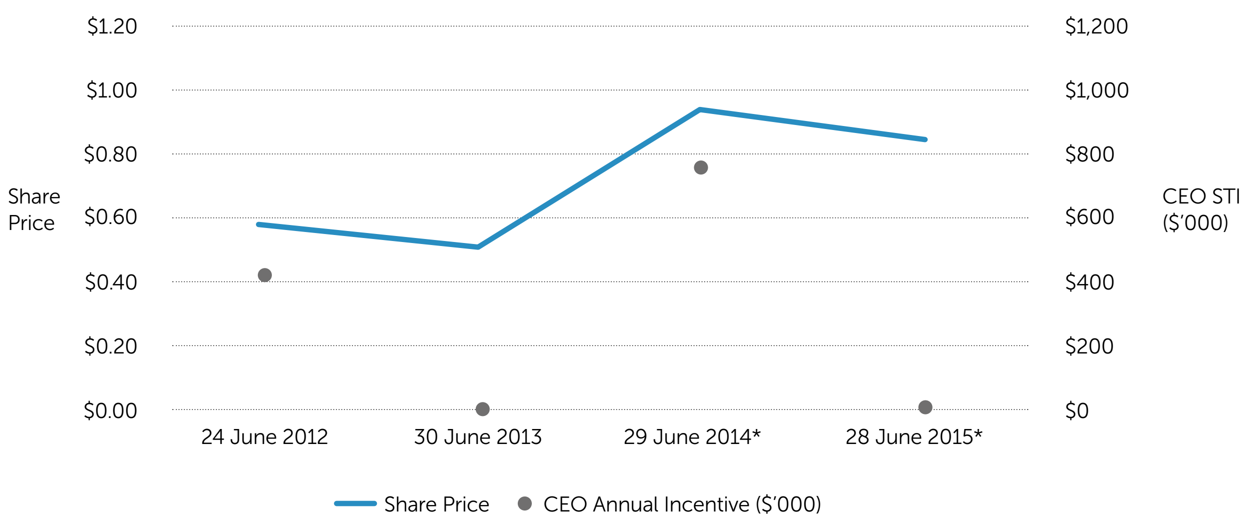
- made considerable investments in our growth businesses including Domain and Events;
- made substantial portfolio investment decisions for the future, such as the acquisitions of All Homes and the remaining 50% of Metro Media Publishing Holdings in Domain;
- developed partnership opportunities including Stan, the streaming venture with Nine Entertainment Co., The Huffington Post, the merger of Fairfax Radio Network with Macquarie Radio Network, and the sale of Fairfax radio station 96FM;
- continued cost management control;
- commenced the transformation of our Australian Community Media division to build a modern stronger rural and regional network.

Management made decisions during the year to sacrifice short term EBITDA for longer term growth. In doing so, they narrowly missed their ambitious incentive targets. This is reflected with the zero incentive outcomes for 2015.

Both the 2014 and 2015 option allocations are currently tracking to satisfy performance hurdles, indicating alignment to the long term value for shareholders.

The following graph represents the share price performance and the TIP annual component of the CEO's incentive.

SHARE PRICE PERFORMANCE AND CEO ANNUAL INCENTIVE



Note – share price relates to closing price at financial year end date.

* Introduction of TIP with annual incentive awarded in the form of deferred performance shares. Prior to 2014 the short term incentive was paid in cash.

The executive KMP earned partial vesting of the 2013 legacy Long Term Incentive Plan following increase shareholder value over the last three years. Further details can be found in section 6.

5. TRANSFORMATION INCENTIVE PLAN (TIP)

5.1. TIP OUTLINE

The following table sets out how the Company's TIP operated during the 2015 financial year. The TIP is designed to reward executives for achieving objectives linked to the Company's transformation strategy and for creating growth in shareholder value.

Changes to the TIP for 2015

There were two changes made to the TIP which were approved by shareholders in 2014:

- for the deferred performance shares component executives can now only earn 20% of their opportunity for "on-budget" performance rather than the 50% in previous years; and
- the options granted in 2015 will be tested based on performance over an initial period of 4 years, commencing 1 July 2013, rather than 3 years. This is the same commencement date as the performance period for the 2014 grant because 1 July 2013 was the beginning of the Transformation Plan.

TABLE 2

DETAIL OF TRANSFORMATION INCENTIVE PLAN

Who Participates?	Senior executives whose roles and skills are critical to the strategy of the Group are eligible to participate in the TIP. Executive KMP are offered an incentive opportunity that comprises: • options (70% of total incentive opportunity); and • deferred performance shares (30% of total incentive opportunity).
How is the options grant determined?	Options are granted each year with an exercise price determined by the Volume Weighted Average Price (VWAP) of Fairfax shares over the 5 trading day period commencing on the day after the Fairfax AGM. Each option entitles the participant to one ordinary Company share, subject to achievement of the performance and service conditions and payment of the exercise price. The number of options granted is set by the Board with the assistance of an independent valuation based on the Monte Carlo pricing model and depends on the executives' role and responsibilities. Options are granted at on-target opportunity. Determination of further options up to the maximum opportunity will be at the Board's discretion based on the outcomes against the performance hurdles at the conclusion of the performance period.
What is the performance period?	The performance period for the 2015 grant will be an initial four year period commencing on the same date as the performance period for the 2014 financial year (1 July 2013).
What are the performance hurdles? Why were they chosen?	Options will not vest unless the compound annual growth rate (CAGR) targets for absolute total shareholder return growth (Absolute TSR) are met. Absolute TSR measures growth in shareholder wealth over the performance period as it takes into account both share price growth as well as dividends paid to shareholders. The applicable targets are set out in the table below.

PERFORMANCE	% EXERCISABLE	ABSOLUTE TSR GROWTH
Threshold	25%	15% CAGR
Target	50%	20% CAGR
Stretch	100%	25% CAGR

DETAIL OF TRANSFORMATION INCENTIVE PLAN CONT'D

What are the performance hurdles? Why were they chosen? (cont'd)	The Board adopted Absolute TSR as the performance condition for the options as it considers share price growth and other distributions to shareholders to be a key indicator of Fairfax's success over the coming years. The Board believes that the level of growth required in order for the options to vest would result in a healthy rate of return to shareholders. The Board also considers absolute return targets to be appropriate during the current rebuilding phase, rather than a relative measure against a variety of companies that are not facing the issues Fairfax currently faces. Notwithstanding these targets, the Board has discretion to deem performance conditions not met if vesting would otherwise only occur as a result of extraneous factors, such as speculation about a takeover bid for the Company. The Company considers it important that any award of options reflects the quality of the Company's performance and excludes any independent factors.
Are the performance conditions re-tested?	Yes, in the year following the initial performance period. If the performance hurdles are not achieved in the initial performance period, there are two further re-testing opportunities at six monthly intervals. In order for the condition to be met on re-testing, Absolute TSR on a cumulative basis will be tested over the extended period. If the condition is met over the extended period, the Board considers it appropriate that executives should be rewarded along with shareholders. Any options that remain unvested after the final re-test will lapse immediately.

DEFERRED PERFORMANCE SHARES

How is the grant of deferred performance shares determined?	Performance shares are granted if participants achieve certain annual objectives that are linked to the Company's transformation strategy. The actual number of performance shares granted will be dependent on the participants' performance outcomes for the year and the VWAP of the Company share price in the 5 days commencing on the day after the August 2015 results announcement.
What is the deferral period?	Half (50%) of the performance shares granted following testing of performance for FY2015, around August 2015, will be deferred for 1 year and the other half (50%) will be deferred for 2 years.
What are the performance conditions?	Objectives are set annually by the Board and are linked to the transformation strategy. For executive KMP, the 2015 opportunity was tied to the financial measures of: • Group EBITDA 60%; and, • Group Revenue 40%. The Board selected these clear and measurable objectives over which executives have a clear line of sight in driving revenue growth and cost containment in the transformation strategy, which translates into shareholder value.
Are the performance conditions re-tested?	No.

DETAIL OF TRANSFORMATION INCENTIVE PLAN CONT'D

GENERAL	
Is there an ability to claw back awards under the TIP?	Yes. The Board has the discretion to claw back awards made under the TIP to ensure that participants do not unfairly benefit, including in the event of fraud, dishonesty or a breach of obligation to the Company. In addition, the Board may also claw back awards in the case of material risk or where financial information becomes available after awards are granted, which suggests that the initial grant was not justified.
Is there a restriction on executives hedging awards under the TIP?	Yes. The rules prohibit employees from creating any encumbrance on unvested awards. All executives must operate under the Fairfax Security Trading Policy.
What happens in a change of control?	In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board has discretion to determine that vesting of some or the entire TIP should be accelerated. If the Board needs to exercise its discretion regarding a change of control event it would be guided by the time remaining before the set vesting test date, whether if, the performance hurdles were applied at the date of the likely change of control, the vesting test would be achieved, and, the best interest of shareholders.
What happens if the executive ceases employment?	Where an executive resigns or their employment is terminated by mutual agreement, the unvested transformation incentives will remain on foot and subject to the original performance hurdle (in the case of Options) and the deferral period (in the case of Performance Shares), as though the executive has not ceased employment. However, the Board may at its discretion determine to lapse any or all of the unvested transformation incentives and ordinarily, in the case of resignation, would be expected to do so. Where an executive is terminated for cause such as misconduct or poor performance all of the unvested transformation incentives will lapse or be forfeited, unless the Board determines otherwise.

5.2 2015 PROGRESS / OUTCOMES UNDER THE TRANSFORMATION INCENTIVE PLAN

(A) OPTIONS GRANTED

No options were available to vest under the TIP during 2015 as none of the grants have reached the end of their respective performance periods.

Tracking of Performance

Set out in the following table is the performance to date of the 2014 and 2015 options granted as at 30 June 2015. Current Absolute TSR demonstrates performance is tracking above stretch performance.

TABLE 3

			PERFORMANCE HURDLE			
GRANT YEAR	PERFORMANCE PERIOD	RE-TEST DATES	THRESHOLD PERFORMANCE	TARGET PERFORMANCE	STRETCH PERFORMANCE	**PERFORMANCE TO 30 JUNE 2015**
2014	1 July 2013 – 30 June 2016	31 Dec 2016 and 30 June 2017	15% CAGR	20% CAGR	25% CAGR	**34% CAGR**
2015	1 July 2013 – 30 June 2017	31 Dec 2017 and 30 June 2018	15% CAGR	20% CAGR	25% CAGR	**34% CAGR**

Note – Performance provided by Orient Capital Pty Ltd.

(B) DEFERRED PERFORMANCE SHARES

For 2015 the Board decided that the transformation initiatives and measures be reflected in the overall Group EBITDA and Group Revenue targets for executive KMP. The overall Group's performance for 2015 financial year included the effect of numerous strategic decisions made this year for future growth and success. This meant that the 2015 results marginally missed the 2015 Group targets for EBITDA and Revenue. Accordingly no annual incentive was paid for 2015. The table below provide a summary of the performance and the executive KMP incentive opportunity which was forfeited.

EXECUTIVE	THRESHOLD OPPORTUNITY ($)	ON-TARGET OPPORTUNITY ($)	MAXIMUM OPPORTUNITY ($)	INCENTIVE EARNED ($)	PERCENTAGE OF MAXIMUM OPPORTUNITY EARNED (%)
Greg Hywood	$192,000	$480,000	$960,000	$0	0%
David Housego	$99,000	$247,500	$495,000	$0	0%
Gail Hambly	$75,000	$187,500	$375,000	$0	0%

Note - The figures that are represented above are the dollar value that each executive KMP had the opportunity to earn. For executive KMP any annual incentive earned is award in deferred performance shares.

6. LONG TERM INCENTIVE PLAN PRIOR TO 2014

Prior to 2014, the Company operated a short term incentive plan and a separate long term incentive plan (LTIP). These plans were discontinued from 2014 and replaced with the TIP.

REWARD INSTRUMENTS

Under the former LTIP, executives were granted an allocation of performance shares (FY12 grant) or performance rights (FY13 grant) that would vest at the end of the performance period, subject to specific performance hurdles being met.

PERFORMANCE PERIODS

For the FY12 grant, the performance period was 1 July 2011 to 30 June 2014. If performance hurdles were not met at the end of the performance period, a further re-test would take place at the end of 30 June 2015. For FY13 grant, the performance period was 1 July 2012 to 30 June 2015. No re-testing applied to the FY13 grant.

PERFORMANCE HURDLES AND VESTING SCHEDULES

Each allocation was subject to two performance hurdles. Fifty percent of the allocation was subject to achievement of a relative TSR target. The remaining fifty percent was subject to an EPS hurdle,

TSR was measured against the S&P/ASX 300 Consumer Discretionary Index and allocations vested as described in the table below:

TSR PERFORMANCE	% OF ALLOCATION THAT VESTS
Under 50th percentile	Nil
50th percentile	50% of Allocation
50th to 75th percentile	Straight line pro rata
Above 75th percentile	100%

EPS was measured by the compound annual growth rate (CAGR) of the Company's EPS and vested according to the table below:

EPS PERFORMANCE	% OF ALLOCATION THAT VESTS
Less than 7% CAGR	Nil
7% CAGR	25%
7% to 10% CAGR	Straight line pro rata
10% CAGR or above	100%

OUTCOMES

The FY12 grant of performance shares were re-tested for period ending 30 June 2015, and neither the TSR or EPS performance hurdles were met and subsequently these performance shares were forfeited.

The FY13 grant of performance rights were tested for period ending 30 June 2015. The EPS hurdle was not achieved, however TSR performance was achieved (at the 65.5th percentile, against the S&P/ASX300 Consumer Discretionary Index) and 81% of the TSR portion of the grant due to vest.

The table below sets out the number of performance rights that was originally granted, the amount is due to vest and the amount forfeited relating to executive KMP for the FY13 grant:

TABLE 5

NAME	TOTAL NUMBER OF PERFORMANCE RIGHTS GRANTED	RIGHTS TO VEST	RIGHTS TO FORFEIT	RIGHTS TO VEST %	RIGHTS TO FORFEIT %
Greg Hywood	8,888,889	3,600,000	5,288,889	41%	59%
David Housego	3,666,667	1,485,000	2,181,666	41%	59%
Gail Hambly	2,083,333	843,751	1,239,583	41%	59%
Total	**14,638,889**	**5,928,751**	**8,710,138**	**41%**	**59%**

7. EXECUTIVE SERVICE AGREEMENTS

The remuneration and other terms of employment for the executive KMP are set out in written service agreements. These service agreements are unlimited in term but may be terminated by written notice by either party or by the Company making payment in lieu of notice. They may also be terminated with cause as set out below.

Each agreement sets out the Fixed Remuneration, performance related incentive opportunities and termination rights and obligations.

The Company may terminate the employment of the executive without notice and without payment in lieu of notice in some circumstances, including if the executive commits an act of serious misconduct or a material breach of the executive service agreement or is charged with any criminal offence which, in the reasonable opinion of the Company, may embarrass or bring the Fairfax Group into disrepute.

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

Also set out in the table below is the notice that the executive is required to give.

TABLE 6

NAME OF EXECUTIVE	COMPANY TERMINATION NOTICE PERIOD	EMPLOYEE TERMINATION NOTICE PERIOD	POST-EMPLOYMENT RESTRAINT
Greg Hywood	12 months	6 months	• 12 month no solicitation of employees or clients • 6 months no work for a competitor of the Fairfax Group
David Housego	12 months	4 months	• 12 month no solicitation of employees or clients • 6 months no work for a competitor of the Fairfax Group
Gail Hambly[(1)]	18 months	3 months	• 12 month no solicitation of employees or clients • 6 months no work for a competitor of the Fairfax Group

(1) Participant in the Fairfax defined benefit superannuation scheme.

8. EXECUTIVE KMP REMUNERATION AND EQUITY GRANTED IN 2015

(A) REMUNERATION OF KEY MANAGEMENT PERSONNEL

This table sets out details of remuneration during the financial year.

TABLE 7

		BASE SALARY, & OTHER BENEFITS[1]	CASH BONUS	SUPER-ANNUATION	LONG SERVICE LEAVE EXPENSE	TOTAL EXCLUDING SHARES / RIGHTS	VALUE OF SHARES / RIGHTS[3]	TOTAL INCLUDING SHARES / RIGHTS
G. Hywood – Chief Executive Officer	**2015**	**1,575,000**	**-**	**25,000**	**23,549**	**1,623,549**	**867,916**	**2,491,465**
	2014	1,575,000	-	25,000	17,394	1,617,394	1,244,877	2,862,271
D. Housego – Chief Financial Officer	**2015**	**790,156**	**-**	**35,000**	**5,385**	**830,541**	**470,252**	**1,300,793**
	2014	760,000	-	25,000	2,357	787,357	545,748	1,333,105
G. Hambly – Group General Counsel & Company Secretary[2]	**2015**	**554,232**	**-**	**70,768**	**10,863**	**635,863**	**388,172**	**1,024,035**
	2014	554,210	-	70,790	10,829	635,829	427,365	1,063,194
A. Williams – Managing Director Australian Publishing Media	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	750,000	-	25,000	14,655	789,655	406,923	1,196,578
Total	**2015**	**2,919,388**	**-**	**130,768**	**39,797**	**3,089,953**	**1,726,340**	**4,816,293**
	2014	3,639,210	-	145,790	45,235	3,830,235	2,624,913	6,455,148

(1) Executive KMP voluntary salary sacrifice of 10% of their fixed annual remuneration to purchase Company shares is on a post-tax basis.

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

(3) Amount includes the amortised cost of the fair value of rights to shares and options issued but not yet vested.

(B) EQUITY GRANTED TO EXECUTIVES WHO ARE KEY MANAGEMENT PERSONNEL DURING THE FINANCIAL YEAR

TABLE 8

	EQUITY AWARD[1]	PERFORMANCE CONDITION[2]	NUMBER OF OPTIONS/ SHARES GRANTED[3]	FAIR VALUE PER OPTIONS/ SHARES[4]	VALUE OF GRANT[5]
G Hywood – Chief Executive Officer	Options	Absolute TSR	4,666,666	$0.24	$1,120,000
	Performance Shares	Transformation Objectives	nil	-	$0
					$1,120,000
D Housego – Chief Financial Officer	Options	Absolute TSR	2,406,250	$0.24	$577,500
	Performance Shares	Transformation Objectives	nil	-	$0
					$577,500
G Hambly – Group General Counsel & Company Secretary	Options	Absolute TSR	1,822,916	$0.24	$437,500
	Performance Shares	Transformation Objectives	nil	-	$0
					$437,500

(1) No Performance Shares were granted to executives for 2015 as indicated in 5.2 (B).

(2) Performance Shares and Options are subject to performance hurdles that are outlined in section 5.1. Rights to Performance Shares and Options lapse where the applicable performance conditions are not satisfied on testing. As the Performance Shares and Options only vest on satisfaction of performance conditions which are to be tested in future years, the 2015 Performance Shares and Options have not yet been forfeited or vested.

(3) Options are granted at on-target performance. Determination of further options up to the maximum opportunity will be at the Board's discretion based on the outcomes against the performance hurdles at the conclusion of the performance period.

(4) The Board determined the Fair value per Option to be 24 cents with a grant date 18 December 2014.

(5) The maximum value of the grant has been estimated based on the fair value per instrument. The minimum total value of the grant is nil (this assumes none of the applicable performance conditions are met).

9. EXECUTIVE SHAREHOLDINGS

Executive KMP equity holdings disclosure as at 28 June 2015 is set out below:

(A) SHAREHOLDINGS OF EXECUTIVE KMP

TABLE 9

2015

EXECUTIVE KMP	BALANCE AT 29 JUNE 2014	NET CHANGE[1]	BALANCE AT 28 JUNE 2015	POST YEAR-END ACQUISITIONS[2]	POST YEAR-END DISPOSALS	**POST YEAR-END BALANCE**
G. Hywood	429,255	121,958	551,213	27,241	-	**578,454**
D. Housego	348,321	(228,257)	120,064	14,047	-	**134,111**
G. Hambly	148,136	47,633	195,769	10,639	-	**206,408**
Total	**925,712**	**(58,666)**	**867,046**	**51,927**	**-**	**918,973**

2014

EXECUTIVE KMP	BALANCE AT 24 JUNE 2013	NET CHANGE[1]	BALANCE AT 29 JUNE 2014	POST YEAR-END ACQUISITIONS[2]	POST YEAR-END DISPOSALS	**POST YEAR-END BALANCE**
G. Hywood	318,343	110,912	429,255	-	-	**429,255**
D. Housego	291,139	57,182	348,321	-	-	**348,321**
G. Hambly	104,815	43,321	148,136	-	-	**148,136**
A. Williams	-	44,200	44,200	-	-	**44,200**
Total	**714,297**	**255,615**	**969,912**	**-**	**-**	**969,912**

(1) Includes shares acquired by sacrifice of 10% of fixed remuneration.

(2) Shares acquired post year end is part of the 10% salary sacrifice arrangement as indicated in section 2.1. Share purchase dates are predetermined by the Company and the administrator Link Market Services Ltd.

(B) RIGHTS OVER SHAREHOLDINGS OF EXECUTIVE KMP

TABLE 10

2015

EXECUTIVE KMP	BALANCE AT 29 JUNE 2014	GRANTED AS REMUNERATION	NET CHANGE[1]	**CLOSING BALANCE AT 28 JUNE 2015**
G. Hywood	18,403,380	5,479,324	(571,428)	23,311,276
D. Housego	7,791,667	2,840,678	-	10,632,345
G. Hambly	5,758,825	2,141,742	(234,194)	7,666,373
Total	**31,953,872**	**10,461,744**	**(805,622)**	**41,609,994**

2014

EXECUTIVE KMP	BALANCE AT 24 JUNE 2013	GRANTED AS REMUNERATION	NET CHANGE[1]	**CLOSING BALANCE AT 29 JUNE 2014**
G. Hywood	10,403,380	8,000,000	-	18,403,380
D. Housego	3,666,667	4,125,000	-	7,791,667
G. Hambly	2,690,313	3,125,000	(56,488)	5,758,825
A. Williams	1,837,124	3,875,000	-	5,712,124
Total	**18,597,484**	**19,125,000**	**(56,488)**	**37,665,996**

(1) Net change movements due to forfeitures.

10. REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

Board and committee fees payable as at the date of this report are as follows:

TABLE 11

	$
Chairman of the Board*	327,600
Other Non-Executive Director	117,000
Chair of Audit and Risk Committee	44,000
Members of Audit and Risk Committee	33,000
Chair of People and Culture Committee	33,000
Members of People and Culture Committee	22,000
Chair of the Nominations Committee	0
Members of Nominations Committee	0

*The Chairman of the Board does not receive committee fees for membership of Committees.

The fees above do not include statutory superannuation payments.

10.1 RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

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

10.2 NON-EXECUTIVE DIRECTORS' FEES

The following table outlines fees paid to Non-Executive Directors during the financial year.

TABLE 12

EXECUTIVE KMP		NON-EXECUTIVE DIRECTORS FEES	SUPERANNUATION	**TOTAL**
M. Anderson	**2015**	**139,000**	**13,205**	**152,205**
	2014	156,883	14,512	171,395
R. Corbett	**2015**	**327,600**	**31,065**	**358,065**
	2014	327,600	30,303	357,903
J. Cowin	**2015**	**139,000**	**13,205**	**152,205**
	2014	140,426	12,989	153,415
N. Falloon[1]	**2015**	**19,500**	**1,853**	**21,353**
J. Millar	**2015**	**150,000**	**14,250**	**164,250**
	2014	151,538	14,017	165,555
S. McPhee	**2015**	**150,000**	**14,250**	**164,250**
	2014	162,510	15,032	177,542
S. Morgan[2]	2014	117,472	10,866	128,338
L. Nicholls	**2015**	**161,000**	**15,295**	**176,295**
	2014	162,651	15,045	177,696
T. Sampson[3]	**2015**	**117,000**	**11,115**	**128,115**
	2014	12,150	1,124	13,274
P. Young	**2015**	**150,000**	**14,250**	**164,250**
	2014	151,538	14,017	165,555
Directors	**2015**	**1,352,500**	**128,488**	**1,480,988**
	2014	1,382,768	127,905	1,510,673

(1) N. Falloon joined the Board on 1 May 2015

(2) S. Morgan retired from the Board on 29 May 2014

(3) T. Sampson joined the Board on 29 May 2014

10.3 NON-EXECUTIVE DIRECTORS' SHAREHOLDINGS

Non-Executive Director equity holdings disclosure as at 28 June 2015 is set out below:

TABLE 13

2015

NON-EXECUTIVE DIRECTOR	BALANCE AT 29 JUNE 2014	NET CHANGE OTHER	BALANCE AT 28 JUNE 2015	POST YEAR-END ACQUISITIONS[4]	POST YEAR-END DISPOSALS	POST YEAR-END BALANCE
M. Anderson	-	15,467	15,467	7,771	-	**23,238**
R. Corbett	99,206	-	99,206	-	-	**99,206**
J. Cowin	3,000,000	-	3,000,000	-	-	**3,000,000**
N. Falloon[1]	-	-	-	-	-	**-**
J. Millar	100,000	-	100,000	-	-	**100,000**
S. McPhee	140,795	26,564	167,359	7,744	-	**175,103**
L. Nicholls	135,843	29,448	165,291	8,281	-	**173,572**
T. Sampson[2]	-	18,317	18,317	6,126	-	**24,443**
P. Young	131,117	-	131,117	-	-	**131,117**
Total	**3,606,961**	**89,796**	**3,696,757**	**29,922**	**-**	**3,726,679**

2014

NON-EXECUTIVE DIRECTOR	BALANCE AT 24 JUNE 2013	NET CHANGE OTHER	BALANCE AT 29 JUNE 2014	POST YEAR-END ACQUISITIONS[4]	POST YEAR-END DISPOSALS	POST YEAR-END BALANCE
M. Anderson	-	-	-	-	-	**-**
R. Corbett	99,206	-	99,206	-	-	**99,206**
J. Cowin	3,000,000	-	3,000,000	-	-	**3,000,000**
J. Millar	100,000	-	100,000	-	-	**100,000**
S. McPhee	110,893	29,902	140,795	-	-	**140,795**
S. Morgan[3]	1,564,668	-	1,564,668	-	-	**1,564,668**
L. Nicholls	107,758	28,085	135,843	-	-	**135,843**
T. Sampson[2]	-	-	-	-	-	**-**
P. Young	131,117	-	131,117	-	-	**131,117**
Total	**5,113,642**	**57,987**	**5,171,629**	**-**	**-**	**5,171,629**

(1) N. Falloon joined the Board on 1 May 2015.

(2) T. Sampson joined the Board on the 29 May 2014.

(3) S. Morgan retired from the Board on 29 May 2014.

(4) Shares acquired post year end is part of the salary sacrifice arrangement. Share purchase dates are predetermined by the Company and the administrator Link Market Services Ltd.

11. LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans made to Directors of Fairfax Media Limited or to other key management personnel of the Group, including their personally related parties, during the financial period ended 28 June 2015 (2014: nil).

There are no outstanding loans for the financial years ended 28 June 2015 and 29 June 2014.

12. FIVE YEAR FINANCIAL PERFORMANCE OF THE COMPANY IN KEY SHAREHOLDER VALUE MEASURES

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

TABLE 14

		IFRS 2015	IFRS 2014	IFRS 2013[1]	IFRS 2012	IFRS 2011
Underlying operating revenue	$m	**1,853**	1,866	2,074	2,328	**2,466**
Underlying net profit after tax	$m	**148.2**	158.5	143.5	212.0	**285.0**
Earnings per share after significant items	Cents	**6.0**	6.7	5.4	8.7	**11.6**
Dividends per share	Cents	**4.0**	4.0	2.0	3.0	**3.0**
*Total Shareholder Returns (TSR)	%	**(0.7)**	97.5	(3.4)	(40.5)	**(23.9)**

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

(1) Trade Me revenue has been included in 2013 for comparative purposes up to the date of sale on 21 December 2012.

CORPORATE GOVERNANCE

Fairfax has adopted a corporate governance framework that is consistent with the 3rd edition of the ASX Corporate Governance Council Principles and Recommendations (ASX Recommendations).

The key corporate governance practices of the Fairfax Group are set out below including summaries of the Policy on Market Disclosure and Shareholder Communications, Risk Management Policy and Securities Trading Policy. The Fairfax Constitution, Board Charter, Board Committee Charters, Code of Conduct and Diversity Guidelines are available at http://www.fairfaxmedia.com.au/Company/corporate-governance.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

Membership of the Board and its Committees during the 2015 financial year is set out below.

		COMMITTEE MEMBERSHIP		
DIRECTOR	MEMBERSHIP TYPE	AUDIT AND RISK	NOMINATIONS	PEOPLE AND CULTURE
R Corbett AO	Independent Chair	Member	Chair	Member
G Hywood	CEO/Managing Director	–	–	–
M Anderson	Independent	–	–	Member
J Cowin	Independent	–	–	Member
*N Falloon	Independent	–	–	–
S McPhee AM	Independent	–	–	Chair
J Millar AM	Independent	Member	Member	–
L Nicholls AO	Independent	Chair	Member	–
T Sampson	Independent	–	–	–
P Young AM	Independent	Member	Member	–

*Appointed 1 May 2015

The qualifications, experience, term of office and other details of each member of the Board are set out on pages 24 to 26.

The number of Board and Committee meetings held during the 2015 financial year and each Director's attendance at these meetings are set out in the Directors' Meetings section of the Directors' Report on page 29.

CORPORATE GOVERNANCE

BOARD SKILLS

The following table summarises the skills, attributes and experience of the Company's Directors.

The Board benefits from the combination of the diverse skills, experiences and expertise that its Directors bring to the Board and the insights that results from this diversity.

Media Expertise	Expertise and experience in the media industry.
Advertising and subscriber management	Expertise and experience in advertising, advertising sales and subscriber and customer management.
Strategy	Expertise in the development and implementation of strategic plans to deliver investor returns over time.
Executive leadership	Experience and success in leadership of large organisations.
Marketing and product development	Expertise and experience in the development and marketing of major new products and services.
Financial acumen	Proficiency in understanding financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.
Remuneration	Experience in remuneration design to drive business success.
Capital projects, acquisitions and divestitures	Experience in evaluating and implementing projects involving large-scale financial commitments, investment horizons and major transactions
Governance	Knowledge and experience of standards of corporate governance, including ASX Listing Rules and practices.
Technology and data	Expertise and experience in the adoption of new technology and technology projects and in the use of data and data analytics to drive successful sales, marketing and business development.
Health, safety and corporate responsibility	Expertise related to workplace health and safety, environmental, community and social responsibility.
Public policy	Experience in public and regulatory policy, including how it affects corporations.

INDEPENDENCE OF DIRECTORS

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

Directors have determined that all Directors except the Chief Executive Officer (CEO) are independent. In assessing whether a Director is independent, the Board has considered Directors' obligations to shareholders, the requirements of applicable laws and regulations, criteria set out in the Board Charter and the ASX Recommendations. The Board has not set specific materiality thresholds, considering it more effective to assess any relationship on its merits on a case-by-case basis and determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Fairfax and its shareholders generally. Where appropriate, external advice will be sought to assist the Board's assessment.

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

- is, or has been, employed in an executive capacity by Fairfax or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to Fairfax or any of its child entities;
- is, or has been within the last three years, in a material business relationship with Fairfax or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;

- is a substantial shareholder of Fairfax or an officer of, or otherwise associated with, a substantial shareholder;
- has a material contractual relationship with Fairfax or its child entities other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of Fairfax for such a period that his or her independence may have been compromised.

ROLE OF THE BOARD

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

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

(a) setting the strategic direction of the Fairfax Group;

(b) approving performance targets for the Fairfax Group and monitoring the achievement of these targets;

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

(d) determining the terms of employment and reviewing the performance of the CEO;

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

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

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

The Board Charter also sets out the matters specifically reserved for the Board which include:

(a) appointment and tenure of the CEO and his director reports;

(b) determination of the CEO's terms and conditions (including remuneration);

(c) determination of matters relating to expenditure, capital management and loan raisings above a monetary limit;

(d) approval of the Fairfax Group's strategic plans at least annually;

(e) approval of the issue of securities; and

(f) approval of public statements which reflect significant issues of Fairfax policy, finance or strategy.

DELEGATION TO SENIOR MANAGEMENT

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

DIRECTOR APPOINTMENT, ROTATION AND SUCCESSION PLANNING

The Company's Constitution authorises the Board to appoint Directors to fill casual vacancies and to elect the Chair. Any Director appointed by the Board must stand for election at the next Annual General Meeting of shareholders.

One third of Directors (excluding the CEO and any Director appointed to fill a casual vacancy, and rounded down to the nearest whole number) must retire at every Annual General Meeting. In addition, no Director (other than the CEO) may remain in office for more than three years or beyond the third Annual General Meeting following appointment without retiring and being re-elected.

The Company provides shareholders with material information that is relevant to a shareholder's decision regarding whether to elect or re-elect a Director.

The Nominations Committee assists the Board to identify potential candidates for appointment to the Board, as required. The Committee uses the following principles to recommend candidates and provide advice and other recommendations to the Board:

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

As part of the process for identifying potential Director candidates, the Committee undertakes background checks. Where appropriate, the Committee seeks external advice on suitable candidates.

All new Directors receive an appointment letter setting out the terms of their appointment including details of their role and Committee memberships (if any) and their expected time commitment.

DIRECTOR INDUCTION AND CONTINUING EDUCATION

The Company provides an induction program for all new Directors. As part of this program, a comprehensive induction pack is provided containing materials to enable the Directors to understand their rights, duties and responsibilities as a Director of the Company. Meetings between key members of senior management and the Directors are scheduled so that the Directors can gain an understanding of the Company's businesses, key issues, strategy and operations.

Given the Company's recent and ongoing transformation within the industries in which it operates, and the increasing diversification of its businesses, the Board's development activities aim to reflect this through the provision of regular updates on each of the Group's activities and industry trends presented by senior management and, where appropriate external experts.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

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

BOARD COMMITTEES

NOMINATIONS COMMITTEE

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

Duties of the Nominations Committee include:

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

The Committee is comprised solely of Non-Executive Independent Directors.

CORPORATE GOVERNANCE

AUDIT AND RISK COMMITTEE

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

To carry out this role, the responsibilities of the Committee include:

- recommending to the Board the appointment of the external auditor, reviewing its performance, independence and effectiveness, approving the auditor's fee arrangements and enforcing the Company's Charter of Audit Independence;
- ensuring that appropriate systems of control are in place to effectively safeguard assets;
- ensuring accounting records are maintained in accordance with statutory and accounting requirements;
- formulating and overseeing an effective business risk plan;
- ensuring there is an appropriate framework for compliance with all legal and Australian Securities Exchange requirements;
- reviewing the external audit process with the external auditor, including in the absence of management;
- reviewing and approving the internal audit plan; and
- receiving internal audit summaries of significant reports prepared by internal audit.

Under its Charter, all members of the Committee must be Non-Executive Directors. Executives may attend by invitation. The Chair of the Committee is required to be independent and have relevant financial expertise and may not be the Chair of the Board.

PEOPLE AND CULTURE COMMITTEE

The Board has a People and Culture Committee, which operates under a formal People and Culture Committee Charter. The primary responsibilities of the Committee are:

- overseeing the development and implementation of the HR strategy with reference to appropriate resources, policies and procedures to support the achievement of the Company's strategy;
- promoting a safe work culture;
- driving high performance management by providing effective remuneration policies and plans;
- overseeing effective succession management programs develop talented, motivated and engaged people available to achieve the Company strategy; and
- reporting to shareholders in line with required legislation and governance standards.

COMPANY SECRETARY

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board.

PERFORMANCE EVALUATION

BOARD, COMMITTEES AND DIRECTORS

The Board conducts an internal review of its structure, composition and performance annually. The Board may seek external advice to assist in the review process. Performance evaluations of all individual Directors, the Board and each Committee, as well as governance processes that support the Board's work, are reviewed on a regular basis. In accordance with this process, a performance evaluation for the Board and each Committee was conducted during the 2015 financial year.

SENIOR EXECUTIVES

Fairfax's senior executives are employed under individual employment contracts that set out the terms of their employment.

A process for senior management evaluations is undertaken each year. The executive's performance is measured against his or her KPIs set at the beginning of the year. The CEO undertakes performance evaluations with each of his direct reports. In accordance with this process, a performance evaluation for senior executives was conducted during the 2015 financial year.

CORPORATE GOVERNANCE

REMUNERATION

Information about the Company's remuneration policies and practices for Non-Executive Directors, the CEO and other senior executives, and their remuneration during the 2015 financial year, are set out in the Remuneration Report on pages 44 to 49.

RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING

RISK MANAGEMENT FRAMEWORK

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

The risk management process seeks to provide a consistent approach to identifying, assessing, and reporting risks, including those related to Company performance, reputation, safety, environment, internal control, compliance and other risk areas.

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

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

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

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

During the 2015 financial year, the Board assessed the risk management framework and is satisfied that it continues to be sound.

INTERNAL AUDIT

The Company's Internal Audit function comprises the Manager, Corporate Risk and Assurance and a team of professionals who work through a schedule of prioritised risk areas across all the major business units to provide an independent risk assessment and evaluation of operating and financial controls. The Internal Audit and Risk function is independent from the external auditor and the Manager, Corporate Risk and Assurance meets with the Audit and Risk Committee in the absence of management as required. Internal Audit and Risk reports its results to the Audit and Risk Committee and the Manager, Corporate Risk and Assurance attends the meetings.

MATERIAL RISKS

The Company assesses material exposure to economic, environmental and social sustainability risks on an annual basis and determines how they are to be managed.

Like all media companies globally the Company is subject to the ongoing structural shift away from print advertising and to fragmentation of the advertising market.

Fairfax has taken strategic action to transform its business in the face of these challenges. this is discussed in detail in the Chairman and CEO & MD reports. The Company addresses the issues of financial, social and environmental sustainability in its Sustainability Report beginning on page 14.

Declarations from the Chief Executive Officer and Chief Financial Officer

The Board receives written declarations from the CEO and the Chief Financial Officer (CFO) in relation to the half-year and full-year that in their opinion:

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

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

(c) the financial records of the Company have been properly maintained in accordance with the Corporations Act,

and that the statements made above are founded on a sound system of financial risk management and internal compliance and control, which is operating effectively.

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

CHARTER OF AUDIT INDEPENDENCE

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

CODE OF CONDUCT

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

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

The Fairfax Code of Conduct aims to:

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

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

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

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

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

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

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

The CEO, CFO and Group General Counsel/Company Secretary are designated as Disclosure Officers who are responsible for reviewing potential disclosures and deciding what information should be disclosed.

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

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

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

The Company actively encourages timely and ongoing shareholder communications.

To ensure ready access for shareholders to information about the Company, Company announcements, Annual Reports, analyst and investor briefings, financial results and other information useful to investors such as press releases are placed on the Company's website at www.fairfaxmedia.com.au as soon as practicable after their release to the ASX (where release is required). Several years' worth of historical financial information is available on the website. Webcasts and recordings of results announcements and investor briefings can be accessed on the website for a length of time.

The full text of Notices of Meetings and the accompanying explanatory materials are posted on the website for each Annual General Meeting. The Chair's and the CEO's addresses, proxy counts and results of shareholder resolutions at the meeting are also posted on the website as soon as practicable after their release to the ASX.

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

Shareholders are also able to send communications to, and receive communications from, Fairfax and its share registry electronically.

TRADING IN COMPANY SECURITIES

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

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

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

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

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

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

DIVERSITY

Fairfax is committed to creating a workplace that is fair and inclusive and reflects the diversity of the communities in which we operate. Fairfax values respects and encourages diversity of board members, employees, customers and suppliers. The Company believes diversity includes but is not limited to gender, age, ethnicity and cultural background. Accordingly, Fairfax has adopted Diversity Guidelines to establish the framework within which it will promote diversity, including the requirement for the People and Culture Committee to endorse measurable objectives for the year and to annually review the objectives and progress towards achieving them.

Fairfax recognises the importance of its employees and aims to attract, motivate, retain and engage high performing employees. The Company recognises that each employee brings their own unique capabilities, experiences and characteristics to their work, and values such diversity at all levels of the Company in all that it does.

Encouraging diversity broadens the pool for the recruitment of talented employees, enhances retention and supports innovation. Increasing the focus on high quality employees supports the Company to improve its financial performance and achieve its strategic objectives.

The Company's workforce gender demographics are:

- Proportion of women who are Non-Executive Directors on the Board: 22%
- Proportion of women in senior management (which, for these purposes, includes any senior manager of the Group, including those who participate in the Group's employee incentive schemes): 34%
- Proportion of women across the organisation: 53%

The Company has exceeded its objective of 30% female gender representation among senior managers by 2015. A new target of 35% female participation in senior management by 2018 has been set.

In 2013, the Fairfax Women of Influence Awards was introduced. Fairfax Women of Influence Awards is an internal reward and recognition award aiming to celebrate the contributions and successes of high-achieving female Fairfax employees to raise their leadership profiles. The awards comprised of six categories: agenda setter, emerging leader, customer centric leader, community leader, leadership champion, and change and innovation champion. Judging panel included members of the Board in addition to senior leaders across the business. Participation in the awards was high and the calibre and diversity of nominees was outstanding. The program has made a significant impact in raising the leadership profiles of females across the business.

The Company has continued in its efforts to have a senior female included in all panels for senior executive roles and at least one female candidate in the shortlist for senior roles.

A number of employment terms are in place to positively impact on women's participation in the workforce. These include:

- Flexible work hours
- Compressed working weeks
- Time-in-lieu
- Telecommuting
- Part-time work job sharing
- Carer's leave
- Purchased leave
- Unpaid leave

The Company is compliant with the Workplace Gender Equality Act 2012 in Australia.

This Corporate Governance Statement is current as at 13 August 2015 and has been approved by the Board of Fairfax.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRADING OVERVIEW

For the financial year 2015, Fairfax Media Group reported a statutory net profit excluding significant items and tax of $143.6 million with underlying operating earnings before interest tax depreciation and amortisation (EBITDA) of $289.4 million. EBITDA for continuing businesses after disposals of $287.4 million was 3.4% below last year.

The Australian Metropolitan Media segment performed strongly with EBITDA growth of 29.7%. Driving this result is growth in the Domain Group and continued cost savings in the publishing business.

Print advertising revenue declined only 0.5%, reflecting the move from 50% to 100% ownership of Metro Media Publishing Holdings Pty Ltd. (MMP) in January 2015. Excluding MMP, print revenue was down 10.7%.

Digital advertising revenue increased 22.6% driven by organic growth in Domain online and the acquisition of Canberra's leading property portal All Homes in October 2014.

Events revenue increased 41% reflecting strong organic growth, eight new events and the acquisition of the Baby & Toddler Show.

Domain Group delivered strong revenue performance across print and digital, reflecting organic growth and the impact of acquisitions. Digital advertising revenue increased 36.4% and EBITDA increased by 37.1%. Domain.com.au's revenue was 30% higher than the prior year. During the year, the number of agent subscribers grew by 20%; listings were up 16%; and total average monthly visits to Domain sites increased 30%.

Digital Ventures continued to execute its strategy of value creation through investment in digital opportunities and managing our portfolio of digitally-focused assets. Total investments of approximately $20 million included publishing and online community business Over 60, game-based e-learning business for children Skoolbo, lightning data network business Kattron (part of Weatherzone), and a joint venture with Africa Weather. HuffPost Australia, a joint venture with The Huffington Post, was formed during the financial year.

Australian Community Media revenue declined 7.8%, with revenue from advertising down 9.1%. Declines in employment and automotive were contributing factors, along with weaker supermarket-related advertising in the second half. Print real estate advertising experienced an improving trend while local advertising was relatively stable.

Australian Community Media is progressing through its transformation program involving the introduction of a new operating model and new ways of working for editorial and sales teams. The $60 million run-rate of costs benefits from transformation are on track to achieve cost reduction target by the end of financial year 2016.

New Zealand total revenue was down 3.7%, with advertising revenue down 6.1%, in local currency terms. Digital revenue growth of 38% for the year and 52% in the second half reflected the strong momentum at Stuff.co.nz and continued investment in product development and marketing. Stuff.co.nz is setting an impressive pace of growth, increasing its unique audience 23% year on year to become the number four digital brand in the country. Cost control contributed to New Zealand's improved EBITDA performance in the second half, with a 5% decline compared with the 12% decline for the full year.

The Radio business, a 54.5% shareholding in the ASX-listed Macquarie Radio Network, made a stable EBITDA contribution of $13.9 million. The merger of Fairfax Radio Network and Macquarie Radio Network was completed in March 2015 and provides both cost and revenue synergies from enhanced network and sales opportunities that will create a more efficient and effective network for news, talk and sports radio along with music stations.

In January 2015, Fairfax Radio sold its Perth station 96FM for $78 million excluding working capital adjustments.

FINANCIAL POSITION

The 2015 financial year recorded significant expenses after tax totalling $61.0 million for the Group. This included restructuring and redundancy costs of $46.6 million and impairment of intangibles, investments and property, plant and equipment of $28.5 million. The gain of $14.1 million primarily reflects the sale of 96FM and the fair value uplift on the original MMP investment.

Net cash inflow from operating activities was $205.7 million. Cash and cash equivalents decreased by $108.6 million after payment of financial liabilities $152.4 million, dividends paid of $95.4 million, capital expenditure of $61.8 million.

Net cash for covenant purposes was $64 million at 28 June 2015.

RECONCILIATION OF STATUTORY TO UNDERLYING PERFORMANCE

		AS REPORTED		SIGNIFICANT ITEMS (iii)		TRADING PERFORMANCE EXCLUDING SIGNIFICANT ITEMS	
	NOTE	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000
Total revenue	(i)	**1,867,212**	1,972,694	**14,071**	106,477	**1,853,141**	1,866,217
Associate profits		**310**	8,007	**-**	-	**310**	8,007
Expenses		**(1,665,146)**	(1,609,387)	**(101,094)**	(47,909)	**(1,564,052)**	(1,561,478)
OPERATING EBITDA		**202,376**	371,314	**(87,023)**	58,568	**289,399**	312,746
Depreciation and amortisation		**(64,982)**	(93,517)	**-**	-	**(64,982)**	(93,517)
EBIT		**137,394**	277,797	**(87,023)**	58,568	**224,417**	219,229
Net finance costs	(ii)	**(16,277)**	(10,428)	**-**	-	**(16,277)**	(10,428)
Net profit/(loss) before tax		**121,117**	267,369	**(87,023)**	58,568	**208,140**	208,801
Tax (expense)/ benefit		**(33,912)**	(42,201)	**26,003**	8,108	**(59,915)**	(50,309)
Net profit/(loss) after tax		**87,205**	225,168	**(61,020)**	66,676	**148,225**	158,492
Net (profit)/loss attributable to non-controlling interest		**(4,037)**	(736)	**541**	-	**(4,578)**	(736)
Net profit/(loss) attributable to members of the Company		**83,168**	224,432	**(60,479)**	66,676	**143,647**	157,756
Earnings per share		**3.5**	9.5			**6.1**	6.7

(i) Revenue from ordinary activities excluding interest income.

(ii) Finance costs less interest income.

(iii) Significant items are those items of such a nature or size that separate disclosure will assist users to understand the accounts. Refer to Note 4 for further details of significant items for impairments, restructuring and redundancy and gains on controlled entities and investments consistent with prior period disclosures.

RECONCILIATION OF TRADING TO OPERATING CASH FLOW

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Cash Flow from trading activities	**264,769**	284,343
Redundancy Payments	**(35,639)**	(86,397)
Interest and dividends received	**18,585**	17,821
Finance costs and income tax paid	**(41,966)**	(44,285)
Net cash flow from operating activities	**205,749**	171,482

CONSOLIDATED INCOME STATEMENT

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Revenue from operations	2(A)	**1,838,629**	1,856,762
Other revenue and income	2(B)	**39,427**	130,806
TOTAL REVENUE AND INCOME		**1,878,056**	1,987,568
Share of net profits of associates and joint ventures	8(C)	**310**	8,007
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(1,630,091)**	(1,585,928)
Depreciation and amortisation	3(B)	**(64,982)**	(93,517)
Impairment of intangibles, investments and property, plant and equipment		**(35,055)**	(23,459)
Finance costs	3(C)	**(27,121)**	(25,302)
Net profit from operations before income tax expense		**121,117**	267,369
Income tax expense	25	**(33,912)**	(42,201)
Net profit from operations after income tax expense		**87,205**	225,168
Net profit is attributable to:			
Non-controlling interest		**4,037**	736
Owners of the parent		**83,168**	224,432
		87,205	225,168
Earnings per share (cents per share)			
Basic earnings per share (cents per share)	20	**3.5**	9.5
Diluted earnings per share (cents per share)	20	**3.5**	9.5

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Net profit after income tax expense		**87,205**	225,168
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss:			
Changes in fair value of available for sale financial assets		**(276)**	707
Changes in fair value of cash flow hedges		**4,183**	511
Changes in value of net investment hedges		**1,104**	(11,231)
Exchange differences on translation of foreign operations		**(15,603)**	22,451
Income tax relating to these items	25	**(3,023)**	3,387
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit plans		**(146)**	518
Income tax relating to these items	25	**27**	(149)
Other comprehensive income for the period, net of tax		**(13,734)**	16,194
Total comprehensive income for the period		**73,471**	241,362
Total comprehensive income is attributable to:			
Non-controlling interest		**4,037**	736
Owners of the parent		**69,434**	240,626
		73,471	241,362

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

CONSOLIDATED BALANCE SHEET

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES AS AT 28 JUNE 2015

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	29(B)	**342,830**	452,687
Trade and other receivables	10	**314,719**	295,424
Inventories	11	**26,333**	25,362
Derivative assets	16	**-**	213
Assets held for sale	7(A)	**70,947**	91,494
Income tax receivable		**3,528**	8,725
Other financial assets	24	**1,384**	4,858
Total current assets		**759,741**	878,763
NON-CURRENT ASSETS			
Receivables	10	**822**	1,232
Investments accounted for using the equity method	8	**95,831**	88,801
Available for sale investments		**2,276**	2,488
Intangible assets	9	**1,523,402**	1,312,111
Property, plant and equipment	14	**330,189**	407,978
Derivative assets	16	**16,902**	1,551
Deferred tax assets	25	**76,053**	86,022
Pension assets		**1,429**	1,195
Other financial assets	24	**16,625**	1,369
Total non-current assets		**2,063,529**	1,902,747
Total assets		**2,823,270**	2,781,510
CURRENT LIABILITIES			
Payables	12	**241,930**	218,052
Interest bearing liabilities	15	**27,101**	119,721
Derivative liabilities	16	**3,912**	13,278
Liabilities directly associated with held for sale assets	7(B)	**187**	4,202
Provisions	13	**136,716**	118,959
Current tax liabilities		**22,039**	9,290
Total current liabilities		**431,885**	483,502
NON-CURRENT LIABILITIES			
Interest bearing liabilities	15	**255,858**	235,526
Derivative liabilities	16	**7,137**	21,957
Provisions	13	**51,949**	49,416
Pension liabilities		**-**	440
Other non-current liabilities		**10,040**	-
Total non-current liabilities		**324,984**	307,339
Total liabilities		**756,869**	790,841
NET ASSETS		**2,066,401**	1,990,669
EQUITY			
Contributed equity	18	**4,650,798**	4,646,525
Reserves	18	**21,034**	55,432
Retained losses		**(2,725,544)**	(2,713,145)
Total parent entity interest		**1,946,288**	1,988,812
Non-controlling interest		**120,113**	1,857
TOTAL EQUITY		**2,066,401**	1,990,669

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

CONSOLIDATED CASH FLOW STATEMENT

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	NOTE	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**2,032,148**	2,044,784
Payments to suppliers and employees (inclusive of GST)		**(1,767,379)**	(1,760,441)
Redundancy payments		**(35,639)**	(86,397)
Interest received		**10,618**	12,933
Dividends and distributions received		**7,967**	4,888
Finance costs paid		**(23,244)**	(31,162)
Net income taxes paid		**(18,722)**	(13,123)
Net cash inflow from operating activities	29(A)	**205,749**	171,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of controlled entities, associates and joint ventures (net of cash acquired)		**(53,507)**	(33,713)
Payment for purchase of businesses, including mastheads		**(3,047)**	(482)
Payment for property, plant, equipment and software		**(61,794)**	(72,321)
Proceeds from sale of property, plant and equipment		**20,152**	12,260
Proceeds from sale of investments, net of transaction fees and cash disposed*		**77,671**	222,444
Loans advanced to other parties		**(16,250)**	-
Loans repaid by other parties		**5,090**	4,986
Net cash (outflow)/inflow from investing activities		**(31,685)**	133,174
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for purchase of non-controlling interests in subsidiaries		**-**	(3,983)
Proceeds from borrowings and other financial liabilities		**5,441**	12,871
Repayment of borrowings and other financial liabilities		**(152,366)**	(319,457)
Payment of facility fees		**(1,160)**	(1,475)
Payment for on market buy-back		**(37,928)**	-
Dividends paid to shareholders	19	**(95,449)**	(70,559)
Dividends paid to non-controlling interests in subsidiaries		**(1,211)**	(884)
Net cash outflow from financing activities		**(282,673)**	(383,487)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD		**(108,609)**	(78,831)
Cash and cash equivalents at beginning of the financial year		**452,687**	533,531
Reclassification to held for sale	7(A)	**-**	(8,439)
Effect of exchange rate changes on cash and cash equivalents		**(1,248)**	6,426
Cash and cash equivalents at end of the financial year	29(B)	**342,830**	452,687

* The prior year proceeds primarily relate to the disposal of the Stayz business on 6 December 2013.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

		RESERVES										
	CONTRIBUTED EQUITY (NOTE 18) $'000	ASSET REVALUATION RESERVE (NOTE 18) $'000	ACQUISITION RESERVE (NOTE 18) $'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 18) $000	CASHFLOW HEDGE RESERVE (NOTE 18) $000	NET INVESTMENT HEDGE RESERVE (NOTE 18) $000	SHARE-BASED PAYMENT RESERVE (NOTE 18) $000	GENERAL RESERVE (NOTE 18) $000	TOTAL RESERVES $000	RETAINED LOSSES $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
BALANCE AT 29 JUNE 2014	**4,646,525**	**753**	**182,706**	**(110,148)**	**(4,179)**	**(18,094)**	**11,231**	**(6,837)**	**55,432**	**(2,713,145)**	**1,857**	**1,990,669**
Profit for the period	-	-	-	-	-	-	-	-	-	83,168	4,037	87,205
Other comprehensive income	-	(276)	-	(15,603)	1,507	756	-	-	(13,616)	(118)	-	(13,734)
Total comprehensive income for the period	**-**	**(276)**	**-**	**(15,603)**	**1,507**	**756**	**-**	**-**	**(13,616)**	**83,050**	**4,037**	**73,471**
Transactions with owners in their capacity as owners:												
Shares issued	42,081	-	-	-	-	-	-	-	-	-	-	42,081
Shares acquired and cancelled as part of on market buyback	(37,928)	-	-	-	-	-	-	-	-	-	-	(37,928)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(95,449)	-	(95,449)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,211)	(1,211)
Acquisition of non-controlling interest	-	-	42	-	-	-	-	-	42	-	(42)	-
Non-controlling interest arising on business combination	-	-	(24,412)	-	-	-	-	-	(24,412)	-	115,472	91,060
Release of shares	120	-	-	-	-	-	(120)	-	(120)	-	-	-
Share-based payments, net of tax	-	-	-	-	-	-	3,708	-	3,708	-	-	3,708
Total transactions with owners	**4,273**	**-**	**(24,370)**	**-**	**-**	**-**	**3,588**	**-**	**(20,782)**	**(95,449)**	**114,219**	**2,261**
BALANCE AT 28 JUNE 2015	**4,650,798**	**477**	**158,336**	**(125,751)**	**(2,672)**	**(17,338)**	**14,819**	**(6,837)**	**21,034**	**(2,725,544)**	**120,113**	**2,066,401**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

		RESERVES										
	CONTRIBUTED EQUITY (NOTE 18) $'000	ASSET REVALUATION RESERVE (NOTE 18) $'000	ACQUISITION RESERVE (NOTE 18) $'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 18) $000	CASHFLOW HEDGE RESERVE (NOTE 18) $000	NET INVESTMENT HEDGE RESERVE (NOTE 18) $000	SHARE-BASED PAYMENT RESERVE (NOTE 18) $000	GENERAL RESERVE (NOTE 18) $000	TOTAL RESERVES $000	RETAINED LOSSES $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
BALANCE AT 30 JUNE 2013	**4,646,248**	**41**	**181,048**	**(132,599)**	**(4,703)**	**(10,232)**	**8,799**	**(6,837)**	**35,517**	**(2,867,387)**	**1,817**	**1,816,195**
Profit for the period	-	-	-	-	-	-	-	-	-	224,432	736	225,168
Other comprehensive income	-	712	-	22,451	524	(7,862)	-	-	15,825	369	-	16,194
Total comprehensive income for the period	**-**	**712**	**-**	**22,451**	**524**	**(7,862)**	**-**	**-**	**15,825**	**224,801**	**736**	**241,362**
Transactions with owners in their capacity as owners:												
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(70,559)	-	(70,559)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(736)	(736)
Acquisition of non-controlling interest	-	-	1,658	-	-	-	-	-	1,658	-	40	1,698
Reclassification due to prior distribution of shares	277	-	-	-	-	-	(277)	-	(277)	-	-	-
Share-based payments, net of tax	-	-	-	-	-	-	2,709	-	2,709	-	-	2,709
Total transactions with owners	**277**	**-**	**1,658**	**-**	**-**	**-**	**2,432**	**-**	**4,090**	**(70,559)**	**(696)**	**(66,888)**
BALANCE AT 29 JUNE 2014	**4,646,525**	**753**	**182,706**	**(110,148)**	**(4,179)**	**(18,094)**	**11,231**	**(6,837)**	**55,432**	**(2,713,145)**	**1,857**	**1,990,669**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fairfax Media Limited is a for profit company limited by ordinary shares which are publicly traded on the Australian Securities Exchange. The financial report includes the consolidated entity consisting of Fairfax Media Limited and its controlled entities.

(A) BASIS OF PREPARATION

This financial report is for the period 30 June 2014 to 28 June 2015 (2014: the period 1 July 2013 to 29 June 2014). Reference in this report to 'a year' is to the period ended 28 June 2015 or 29 June 2014 respectively, unless otherwise stated. The financial report is a general-purpose financial report. It has been prepared:

- in accordance with the requirements of the Corporations Act 2001; Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board; and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board;
- on a historical cost basis, except for those assets and liabilities disclosed in Note 17(E) which are measured at fair value; and
- in accordance with ASIC Class Order 98/0100, with all values rounded to the nearest thousand dollars unless otherwise indicated.

The financial report has been re-ordered this year. Significant accounting policies are provided throughout the notes to the financial statements.

(B) SIGNIFICANT JUDGEMENTS AND ESTIMATES

The carrying amounts of certain assets and liabilities are determined based on estimates and assumptions of future events. The key estimates and assumptions which are material to the financial reports are found in the following notes:

- Note 6: Business combinations, acquisition and disposal of controlled entities
- Note 9: Intangible assets
- Note 13: Provisions
- Note 14: Property, plant and equipment
- Note 25: Taxation
- Note 26: Employee entitlements

(C) SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

During the current financial year, the financial position and performance of the group was particularly affected by the following events and transactions:

- On 10 July 2014, the Company repaid US$105 million (A$125 million) of senior notes.
- On 2 October 2014, the Company acquired All Homes Pty Ltd and All Data Australia Pty Ltd for total consideration of $51.5 million.
- On 22 January 2015, the Group acquired the remaining 50% of issued shares in MMP Holdings Pty Ltd for total consideration of $75.4 million including $18.5 million in cash.
- On 30 January 2015, the Company completed an agreement to sell Radio 96FM Perth Pty Limited to APN News & Media Limited for cash consideration of $78 million.
- In March 2015, the Group commenced an on market share buyback of ordinary shares as part of the Group's ongoing capital management strategy. At June 2015, 37.1 million shares were repurchased and cancelled for $37.9 million.
- On 31 March 2015, the Company entered into merger with Macquarie Radio Network Limited and has received $18 million in cash consideration and holds a 54.5% shareholding.

For a detailed discussion about the Group's performance and financial position please refer to the Management Discussion and Analysis.

NOTES TO THE FINANCIAL STATEMENTS: KEY NUMBERS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

2. REVENUES

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(A) REVENUE FROM OPERATIONS		
Total revenue from sale of goods*	**494,297**	503,919
Total revenue from services	**1,344,332**	1,352,843
Total revenue from operations	**1,838,629**	1,856,762
(B) OTHER REVENUE AND INCOME		
Interest income	**10,844**	14,874
Foreign exchange gains	**3,725**	3,817
Gains on sale of property, plant and equipment	**2,214**	868
Gains on sale of controlled entities	**6,803**	106,477
Gain on investment at fair value	**7,268**	-
Other	**8,573**	4,770
Total other revenue and income	**39,427**	130,806
Total revenue and income	**1,878,056**	1,987,568

*Revenue from the sale of goods includes revenue from circulation, subscription, printing and printing-related products.

ACCOUNTING POLICY

Revenue from advertising, circulation and subscription for newspapers, magazines and other publications is recognised on the publication date. Revenue from the provision of advertising on websites is recognised in the period the advertisements are placed or the impression occurs. Revenue from radio advertising is recognised when the programme is aired. Amounts disclosed as revenue are net of commissions, rebates, discounts and returns which are recognised when they can be reliably measured.

Interest revenue is recognised as it accrues, based on the effective yield of the financial asset.

3. EXPENSES

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS		
Staff costs excluding staff redundancy costs	**724,693**	731,502
Redundancy costs	**51,938**	22,126
Newsprint and paper	**116,210**	141,752
Distribution costs	**144,237**	144,155
Production costs	**151,567**	135,155
Promotion and advertising costs	**98,662**	91,997
Rent and outgoings	**62,140**	59,815
Repairs and maintenance	**28,088**	25,832
Outsourced services	**28,265**	22,477
Communication costs	**18,373**	18,630
Maintenance and other computer costs	**29,690**	24,763
Fringe benefits tax, travel and entertainment	**25,066**	25,174
Other	**151,162**	142,550
Total expenses before impairment, depreciation, amortisation and finance costs	**1,630,091**	1,585,928
(B) DEPRECIATION AND AMORTISATION		
Depreciation of freehold property	**6,548**	6,275
Depreciation of plant and equipment	**32,791**	54,629
Depreciation of leasehold property	**4,408**	4,370
Amortisation of software	**21,076**	27,451
Amortisation of customer relationships and tradenames	**159**	792
Total depreciation and amortisation	**64,982**	93,517
(C) FINANCE COSTS		
External parties borrowing costs	**22,761**	31,172
Gain on partial redemption of senior notes	**-**	(10,183)
Finance lease	**4,358**	4,073
Hedge ineffectiveness	**2**	240
Total finance costs	**27,121**	25,302
(D) OTHER EXPENSE DISCLOSURES		
Operating lease rental expense	**44,855**	40,580
Defined contribution superannuation expense	**49,884**	47,658
Share-based payment expense	**5,298**	3,870

ACCOUNTING POLICY

BORROWING COSTS

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

Borrowing costs are expensed as incurred. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

4. SIGNIFICANT ITEMS

The net profit after tax includes the following items whose disclosure is relevant in explaining the financial performance of the consolidated entity.

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
IMPAIRMENT OF SOFTWARE, EQUITY ACCOUNTED INVESTMENTS AND PROPERTY, PLANT AND EQUIPMENT - COMPRISING:		
Impairment of software, equity accounted investments and property, plant and equipment (i)	**(34,881)**	(23,890)
Income tax benefit	**6,343**	7,056
Impairment of software, equity accounted investments and property, plant and equipment, net of tax	**(28,538)**	(16,834)
RESTRUCTURING AND REDUNDANCY - COMPRISING:		
Restructuring and redundancy charges	**(66,213)**	(24,019)
Income tax benefit	**19,660**	7,094
Restructuring and redundancy, net of tax	**(46,553)**	(16,925)
GAINS ON CONTROLLED ENTITIES AND INVESTMENTS - COMPRISING:		
Gain on sale of controlled entities disclosed in other revenue and income (ii)	**6,803**	106,477
Gain on investment at fair value disclosed in other revenue and income	**7,268**	-
Income tax expense	**-**	(6,042)
Gains on controlled entities and investments, net of tax	**14,071**	100,435
Net significant items after income tax	**(61,020)**	66,676

(i) Software and property, plant and equipment impairments relate to assets no longer in use. Equity accounted investment impairments are where the carrying value has been adjusted to reflect managements fair value estimate of non-listed investments.

(ii) On 6 December 2013, the Group disposed of the Stayz business for gross proceeds of $218.0 million.

ACCOUNTING POLICY

Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

5. SEGMENT REPORTING

(A) DESCRIPTION OF SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, CEO and CFO in assessing performance and in determining the allocation of resources.

REPORTABLE SEGMENT	PRODUCTS AND SERVICES
Australian Community Media	Newspaper publishing and online for all Australian regional, community and agricultural media.
Metropolitan Media	Metropolitan news, sport, lifestyle and business media across various platforms including print, online, tablet and mobile. Also includes classifieds (including Domain) for metropolitan publications and transactional businesses.
New Zealand Media	Newspaper, magazine and general publishing and online for all New Zealand media.
Radio	Metropolitan radio networks in Australia.
Other	Comprises corporate and other entities not included in the segments above.

(B) RESULTS BY OPERATING SEGMENT

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the period ended 28 June 2015 and 29 June 2014 is as follows:

	SEGMENT REVENUE $'000	INTERSEGMENT REVENUE $'000	**REVENUE FROM EXTERNAL CUSTOMERS $'000**	SHARE OF PROFITS OF ASSOCIATES AND JOINT VENTURES $'000	**UNDERLYING EBIT $'000**
28 JUNE 2015					
Australian Community Media	539,216	(73)	**539,143**	2,212	**77,447**
Metropolitan Media	830,167	(244)	**829,923**	2,562	**111,460**
New Zealand Media	358,561	(4)	**358,557**	(772)	**54,263**
Radio	108,698	-	**108,698**	(7)	**11,084**
Other	16,840	(20)	**16,820**	(3,685)	**(29,837)**
Total for the Group	1,853,482	(341)	**1,853,141**	310	**224,417**
29 JUNE 2014					
Australian Community Media	586,569	(89)	**586,480**	2,266	**112,714**
Metropolitan Media	804,088	(895)	**803,193**	3,780	**63,536**
New Zealand Media	362,672	(6)	**362,666**	-	**59,752**
Radio	103,955	(130)	**103,825**	(3)	**10,718**
Other	9,602	451	**10,053**	1,964	**(27,491)**
Total for the Group	1,866,886	(669)	**1,866,217**	8,007	**219,229**

(C) OTHER SEGMENT INFORMATION

(i) SEGMENT REVENUE

Segment revenue reconciles to total revenue and income as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Total segment revenue from external customers	**1,853,141**	1,866,217
Interest income	**10,844**	14,874
Gains on controlled entities and investments	**14,071**	106,477
Total revenue and income	**1,878,056**	1,987,568

Transactions between operating segments relating to management charges are on third party terms.

The consolidated entity operates predominantly in two geographic segments, Australia and New Zealand. The amount of its revenue from external customers in Australia is $1,492.8 million (2014: $1,501.8 million) and the amount of revenue from external customers in New Zealand is $360.3 million (2014: $364.4 million). Segment revenues are allocated based on the country in which the customer is located.

(ii) SEGMENT RESULT - EBIT

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBIT.

A reconciliation of underlying EBIT to operating profit before income tax is provided as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
SEGMENT RESULTS - EBIT	**224,417**	219,229
Interest income	**10,844**	14,874
Finance costs	**(27,121)**	(25,302)
Gains on controlled entities and investments in other revenue and income	**14,071**	106,477
Impairment of software, equity accounted investments, and property, plant and equipment	**(34,881)**	(23,890)
Restructuring and redundancy charges	**(66,213)**	(24,019)
Reported net profit before tax	**121,117**	267,369

A summary of significant items by operating segments is provided for the period ended 28 June 2015 and 29 June 2014.

	IMPAIRMENT OF SOFTWARE, INVESTMENTS AND PROPERTY, PLANT AND EQUIPMENT $'000	RESTRUCTURING AND REDUNDANCY CHARGES $'000	GAIN ON CONTROLLED ENTITIES AND INVESTMENTS $'000	**TOTAL $'000**
28 JUNE 2015				
Australian Community Media	-	-	-	**-**
Metropolitan Media	-	-	(10,468)	**(10,468)**
New Zealand Media	6,501	-	-	**6,501**
Radio	-	2,239	(37,075)	**(34,836)**
Other	28,380	63,974	33,472	**125,826**
Consolidated entity	34,881	66,213	(14,071)	**87,023**
29 JUNE 2014				
Australian Community Media	440	-	-	**440**
Metropolitan Media	15,058	-	-	**15,058**
New Zealand Media	5,539	5,589	-	**11,128**
Radio	-	-	-	**-**
Other	2,853	18,430	(106,477)	**(85,194)**
Consolidated entity	23,890	24,019	(106,477)	**(58,568)**

(iii) SEGMENT ASSETS

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

The total of non-current assets other than financial instruments, deferred tax assets and employment benefit assets (there are no rights arising under insurance contracts) located in Australia is $1,709.9 million (2014: $1,608.4 million) and the total of these non-current assets located in New Zealand is $242.6 million (2014: $204.2 million). Segment assets are allocated to countries based on where the assets are located.

ACCOUNTING POLICY

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to assess performance, make resource allocation decisions and for which discrete financial information is available.

Information about other business activities and operating segments that are below the quantitative criteria as prescribed by AASB 8 are combined and disclosed in a separate category for "Other segments".

6. BUSINESS COMBINATIONS, ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

(A) ACQUISITIONS

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

ENTITY OR BUSINESS ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	OWNERSHIP INTEREST
The Baby and Toddler Show	Baby and toddler exhibition event	17 September 2014	(i)
Duskhail Pty Limited	Supplier of lightning information	1 October 2014	(i)
All Homes Pty Limited and its controlled entities	Online real estate website	2 October 2014	100%
MMP Holdings Pty Ltd and its controlled entities (ii)	Community newspaper publisher	22 January 2015	100%
Macquarie Radio Network Limited and its controlled entities	Radio broadcaster	31 March 2015	54.5%

(i) The business assets of these entities were acquired.
(ii) The Group previously owned 50.01% of MMP Holdings Pty Ltd. On 22 January 2015 the remaining 50% ownership interest was acquired and the Group gained control of MMP Holdings Pty Ltd and its controlled entities.

The provisionally determined fair values of the identifiable assets and liabilities acquired are detailed below. Balances are provisional as purchase price accounting has not been finalised.

	MACQUARIE RADIO NETWORK LIMITED $'000	OTHER ACQUISITIONS $'000
VALUE OF NET ASSETS ACQUIRED		
Cash and cash equivalents	559	8,842
Receivables	14,880	14,708
Property, plant and equipment	4,166	2,132
Intangible assets	39,898	36,107
Deferred tax assets	1,756	1,037
Income tax receivable	1,038	1,679
Total assets	**62,297**	**64,505**
Payables	9,136	10,774
Provisions	4,373	2,634
Interest bearing liabilities	18,250	-
Deferred tax liabilities	5,512	7,500
Total liabilities	**37,271**	**20,908**
VALUE OF IDENTIFIABLE NET ASSETS	25,026	43,597
Fair value of original equity accounted investment	-	(58,020)
Non-controlling interest recognised on acquisition	(38,061)	(5,816)
Goodwill arising on acquisition	60,220	150,784
Total identifiable net assets and goodwill attributable to the Group	**46,645**	**130,545**
PURCHASE CONSIDERATION		
Cash paid	-	60,100
Contingent consideration liability	-	28,364
Shares issued, at fair value	46,645	42,081
Total purchase consideration	**46,645**	**130,545**
NET CASH INFLOW/(OUTFLOW) ON ACQUISITION		
Net cash acquired with subsidiary	559	8,842
Cash received/(paid)	25,081	(60,100)
Net cash inflow/(outflow)	**25,640**	**(51,258)**

MACQUARIE RADIO NETWORK LIMITED

On 31 March 2015, Macquarie Radio Network Limited (MRN) acquired 100% of the share capital of Fairfax Radio Network Pty Limited (FRN) from the Group. In exchange, the Group received a 54.5% ownership interest in MRN.

The acquisition of FRN by MRN is considered a reverse acquisition, with the Group being considered the parent for reporting purposes and the business combination being accounted for under AASB 3 Business Combinations.

As a result of this acquisition, the consolidated income statement includes revenue and net loss before tax for the period ended 28 June 2015 of $14.7 million and $0.1 million respectively. Had the acquisition occurred at the beginning of the reporting period, the consolidated income statement would have included revenue and net loss before tax of $56.3 million and $0.7 million respectively.

Goodwill of $60.2 million includes the expected synergies and future growth opportunities.

OTHER ACQUISITIONS

In addition to cash paid of $60.1 million and shares issued of $42.1 million, contingent consideration of up to $31.4 million is payable, with an expected settlement of $28.4 million, by the Group to specified sellers if certain financial performance criteria are achieved. This is payable over a period of up to three years.

As a result of these acquisitions, the consolidated income statement includes revenue and net profit before tax for the period ended 28 June 2015 of $42.4 million and $14.9 million respectively. Had the acquisitions occurred at the beginning of the reporting period, the consolidated income statement would have included revenue and net profit before tax of $88.5 million and $26.7 million respectively.

Goodwill of $150.8 million includes the expected synergies and future growth opportunities.

ACCOUNTING POLICY

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with AASB 139 either in the income statement or as a change to other comprehensive income.

(B) DISPOSALS

The Group disposed of its interest in the following entities during the year:

ENTITY OR BUSINESS DISPOSED	PRINCIPAL ACTIVITY	DATE OF DISPOSAL	OWNERSHIP INTEREST
Radio 96FM Perth Pty Limited	Radio broadcaster	30 January 2015	100%
RSVP.com.au Pty Limited (iii)	Online dating services	1 July 2014	42.2% (iii)

(iii) On 1 July 2014, the Group disposed of 42.2% of RSVP.com.au Pty Limited and RSVP acquired 100% of 3H Group Pty Ltd. This investment was equity accounted from 1 July 2014. The Group does not have control of this company as it does not have power to govern the financial and operating policies of the company, such as power over budget, operational plans and appointment and removal of key personnel.

For the above entities, the major classes of assets and liabilities disposed were as follows:

	$'000
Cash and cash equivalents	8,439
Trade and other receivables	532
Investment	45
Intangible assets	117,906
Property, plant and equipment	542
Total assets	**127,464**
Payables	4,065
Provisions	1,247
Total liabilities	**5,312**
Net assets	**122,152**

7. ASSETS AND LIABILITIES HELD FOR SALE

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(A) ASSETS HELD FOR SALE		
Property, plant and equipment	**68,215**	36,244
Macquarie Regional Radio Pty Limited disposal group		
Intangible assets	**324**	-
Property, plant and equipment	**1,975**	-
Other assets	**433**	-
RSVP.com.au Pty Limited disposal group		
Cash	**-**	8,439
Intangible assets	**-**	46,262
Other assets	**-**	549
Total assets held for sale	**70,947**	91,494
(B) LIABILITIES DIRECTLY ASSOCIATED WITH HELD FOR SALE ASSETS		
Macquarie Regional Radio Pty Limited disposal group		
Other liabilities	**187**	-
RSVP.com.au Pty Limited disposal group		
Payables	**-**	4,066
Other liabilities	**-**	136
Total liabilities directly associated with held for sale assets	**187**	4,202

PROPERTY, PLANT AND EQUIPMENT

Assets held for sale comprise properties in Australia and New Zealand that are being actively marketed and for which the sale is highly probable. During 2015, six properties previously held for sale were sold.

Prior to being transferred to held for sale, the properties are remeasured at the lower of carrying amount and fair value less costs to sell.

RSVP.COM.AU PTY LIMITED DISPOSAL GROUP

On 1 July 2014, the sale of 42.2% of RSVP.com.au Pty Limited was completed.

ACCOUNTING POLICY

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	NOTE	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000
Shares in associates	(A)	**71,396**	69,457
Shares in joint ventures	(B)	**24,435**	19,344
Total investments accounted for using the equity method		**95,831**	88,801

(A) INTERESTS IN ASSOCIATES

NAME OF COMPANY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	OWNERSHIP INTEREST 28 JUNE 2015	OWNERSHIP INTEREST 29 JUNE 2014
Australian Associated Press Pty Ltd	News agency business and information service	Australia	**47.0%**	47.0%
Bellabox Pty Ltd (i)	Subscription beauty box business	Australia	**50.3%**	-
Digital Radio Broadcasting Melbourne Pty Ltd (ii)	Digital audio broadcasting	Australia	**18.2%**	18.2%
Digital Radio Broadcasting Perth Pty Ltd (ii)	Digital audio broadcasting	Australia	**16.7%**	33.3%
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	**25.0%**	25.0%
Digital Radio Broadcasting Sydney Pty Ltd (ii)	Digital audio broadcasting	Australia	**11.3%**	11.3%
Healthshare Pty Ltd	Information technology tools for healthcare practitioners and consumers	Australia	**28.2%**	19.7%
Homebush Transmitters Pty Ltd	Rental of a transmission facility	Australia	**50.0%**	50.0%
MMP Holdings Pty Ltd (iii)	Community newspaper publisher	Australia	**100.0%**	50.01%
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	**23.7%**	23.7%
Perth FM Facilities Pty Ltd (iv)	Rental of a transmission facility	Australia	**-**	33.3%
RSVP.com.au Pty Limited (v)	Online dating services	Australia	**57.5%**	100.0%
Skoolbo Pty Ltd (vi)	Online education provider	Singapore	**20.0%**	-
The Seniors Ad Network Pty Ltd (vii)	Digital community for over 60s	Australia	**33.3%**	-
The Video Network Pty Ltd	Internet delivered television network	Australia	**28.6%**	28.6%
Times Newspapers Ltd	Newspaper publishing	New Zealand	**49.9%**	49.9%
Xchange IT Software Pty Ltd	Provider of EDI software	Australia	**33.3%**	33.3%
Xchange IT Newsagents Pty Ltd	Provider of EDI software	Australia	**25.0%**	25.0%

(i) This investment was acquired on 2 September 2014. The Group does not have control of this company as it does not have power to govern the financial and operating policies of the company, such as power over budget, operational plans and appointment and removal of key personnel.
(ii) The Group has significant influence in the entity due to its right to participate in policy setting for the entity.
(iii) Control was obtained on 22 January 2015 when the Group acquired the remaining 50% ownership interest. The results of the entity have been consolidated from this date.
(iv) This investment was disposed on 30 January 2015 as part of the Radio 96FM Perth Pty Limited disposal.
(v) On 1 July 2014, the Group disposed of 42.2% of RSVP.com.au Pty Limited and RSVP acquired 100% of 3H Group Pty Ltd. This investment was equity accounted from 1 July 2014. The Group does not have control of this company as it does not have power to govern the financial and operating policies of the company, such as power over budget, operational plans and appointment and removal of key personnel.
(vi) This investment was acquired on 17 December 2014.
(vii) This investment was acquired on 2 July 2014.

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(i) SHARE OF ASSOCIATES' PROFITS		
Revenue	**78,163**	79,853
Profit before income tax expense	**3,579**	8,284
Income tax expense	**(1,300)**	(2,398)
Net profit after income tax expense	**2,279**	5,886
(ii) SHARE OF ASSOCIATES' ASSETS AND LIABILITIES		
Current assets	**21,422**	28,001
Non-current assets	**51,931**	28,363
Total assets	**73,353**	56,364
Current liabilities	**12,493**	14,333
Non-current liabilities	**4,883**	3,634
Total liabilities	**17,376**	17,967

(B) INTERESTS IN JOINT VENTURES

NAME OF COMPANY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION	OWNERSHIP INTEREST 28 JUNE 2015	OWNERSHIP INTEREST 29 JUNE 2014
Adzuna Australia Pty Ltd (ix)	Job advertisements search engine	Australia	**49.3%**	50.0%
Fermax Distribution Company Pty Ltd	Letterbox distribution of newspapers	Australia	**50.0%**	50.0%
Future Foresight Group Pty Ltd (x)	Weather safety and risk information provider	South Africa	**50.0%**	-
Gilgandra Newspapers Pty Ltd	Newspaper publishing and printing	Australia	**50.0%**	50.0%
Gippsland Regional Publications Partnership	Newspaper publishing and printing	Australia	**50.0%**	50.0%
Neighbourly Limited (xi)	Private neighbourhood website service	New Zealand	**22.5%**	-
Pricemaker Ltd (xii)	Online shopping platform	New Zealand	**51.4%**	50.0%
Stan Entertainment Pty Ltd (xiii)	Provider of subscription video on demand	Australia	**50.0%**	-
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	**50.0%**	50.0%

(ix) This investment is classified as a joint venture, rather than an associate, as all significant decisions require unanimous consent.
(x) This investment was acquired on 19 May 2015.
(xi) This investment was acquired on 10 December 2014. This investment is classified as a joint venture, rather than an associate, as all significant decisions require unanimous consent.
(xii) The Group does not have control of this company as it does not have power to govern the financial and operating policies of the company, such as power over budget, operational plans and appointment and removal of key personnel.
(xiii) This investment was acquired on 1 September 2014. The Group has committed to providing up to $50 million in loans to Stan Entertainment Pty Ltd over a multi-year period.

NOTES TO THE FINANCIAL STATEMENTS: GROUP STRUCTURE

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(i) SHARE OF JOINT VENTURES' (LOSSES)/PROFITS		
Revenues	**10,540**	10,449
Expenses	**(12,418)**	(8,208)
(Loss)/profit before income tax expense	**(1,878)**	2,241
Income tax expense	**(91)**	(120)
Net (loss)/profit after income tax expense	**(1,969)**	2,121
(ii) SHARE OF JOINT VENTURES' ASSETS AND LIABILITIES		
Current assets	**39,602**	5,126
Non-current assets	**55,350**	17,789
Total assets	**94,952**	22,915
Current liabilities	**71,720**	1,330
Non-current liabilities	**12,830**	177
Total liabilities	**84,550**	1,507

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

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Profit before income tax expense	**1,701**	10,525
Income tax expense	**(1,391)**	(2,518)
Net profit after income tax expense	**310**	8,007

ACCOUNTING POLICY

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

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

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

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

IMPAIRMENT OF ASSETS

Investments accounted for using the equity method are tested for impairment at each reporting date where there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

9. INTANGIBLE ASSETS

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Mastheads and tradenames	**982,693**	972,022
Goodwill	**355,648**	177,898
Radio licences	**115,211**	114,037
Software	**53,249**	46,974
Customer relationships	**16,601**	1,180
Total intangible assets	**1,523,402**	1,312,111

ACCOUNTING POLICY

MASTHEADS AND TRADENAMES

The Group's mastheads and tradenames operate in established markets with limited licence conditions and are expected to continue to complement the Group's new media initiatives. On this basis, the Directors have determined that the majority of mastheads and tradenames have indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. These assets are not amortised but are tested for impairment annually. Tradenames that have been assessed to have a definite useful life and are amortised using a straight-line method over twenty years.

GOODWILL

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is not amortised but is tested for impairment annually.

RADIO LICENCES

Radio licences consist of commercial radio licences held by the consolidated entity under the provisions of the Broadcasting Services Act 1992 and have been assessed as having indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. These assets are not amortised but are tested for impairment annually.

SOFTWARE, DATABASES AND WEBSITES

Internal and external costs directly incurred in the purchase or development of software or databases are capitalised as intangible assets, including subsequent upgrades and enhancements, when it is probable that they will generate future economic benefits attributable to the Group. Software licences and databases are amortised on a straight-line basis over their useful lives, which are between three and six years.

Internal and external costs directly incurred in the development of websites are capitalised as intangible assets and amortised on a straight-line basis over their useful lives, which are between two and four years.

CUSTOMER RELATIONSHIPS

Customer relationships purchased in a business combination are amortised on a straight-line basis over their useful lives, which are between two and thirteen years.

IMPAIRMENT OF ASSETS

Intangibles are tested for impairment where there is an indication that the asset may be impaired. Goodwill and other indefinite life assets are further tested at least annually in June each year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment whenever there is an indication of a potential reversal and at least annually.

RECONCILIATIONS

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

	NOTE	MASTHEADS & TRADENAMES $'000	GOODWILL $'000	RADIO LICENCES $'000	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $000	**TOTAL $'000**
PERIOD ENDED 29 JUNE 2014							
Balance at beginning of the financial year		966,223	294,385	114,037	56,840	6,549	**1,438,034**
Additions		-	-	-	12,735	-	**12,735**
Capitalisations from works in progress	14	-	-	-	8,028	-	**8,028**
Disposals		-	-	-	(1,327)	-	**(1,327)**
Disposal of controlled entities		(2,867)	(104,149)	-	(3,803)	(4,695)	**(115,514)**
Assets classified as held for sale		(5,850)	(39,717)	-	(695)	-	**(46,262)**
Acquisition through business combinations		-	26,890	-	1,350	-	**28,240**
Amortisation	3(B)	(33)	-	-	(27,451)	(759)	**(28,243)**
Exchange differences		14,549	489	-	1,297	85	**16,420**
At 29 June 2014, net of accumulated amortisation and impairment		972,022	177,898	114,037	46,974	1,180	**1,312,111**
AT 29 JUNE 2014							
Cost		3,791,271	1,676,208	143,700	285,513	8,342	**5,905,034**
Accumulated amortisation and impairment		(2,819,249)	(1,498,310)	(29,663)	(238,539)	(7,162)	**(4,592,923)**
Net carrying amount		972,022	177,898	114,037	46,974	1,180	**1,312,111**

	NOTE	MASTHEADS & TRADENAMES $'000	GOODWILL $'000	RADIO LICENCES $'000	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	TOTAL
PERIOD ENDED 28 JUNE 2015							
Balance at beginning of the financial year		972,022	177,898	114,037	46,974	1,180	**1,312,111**
Additions		-	-	-	27,950	-	**27,950**
Capitalisations from works in progress	14	-	-	-	35	-	**35**
Disposals		-	-	-	(183)	-	**(183)**
Disposal of controlled entities		-	(33,000)	(38,400)	(244)	-	**(71,644)**
Assets classified as held for sale		-	-	(324)	-	-	**(324)**
Acquisition through business combinations		17,250	211,004	39,898	3,280	15,577	**287,009**
Amortisation	3(B)	(34)	-	-	(21,076)	(125)	**(21,235)**
Impairment		-	-	-	(2,693)	-	**(2,693)**
Exchange differences		(6,545)	(254)	-	(794)	(31)	**(7,624)**
At 28 June 2015, net of accumulated amortisation and impairment		982,693	355,648	115,211	53,249	16,601	**1,523,402**
AT 28 JUNE 2015							
Cost		3,766,713	1,847,606	144,874	286,494	24,610	**6,070,297**
Accumulated amortisation and impairment		(2,784,020)	(1,491,958)	(29,663)	(233,245)	(8,009)	**(4,546,895)**
Net carrying amount		982,693	355,648	115,211	53,249	16,601	**1,523,402**

(i) INDEFINITE LIVED INTANGIBLE ASSETS: IMPAIRMENT TESTING

Goodwill and intangible assets with indefinite useful lives have been allocated to the following cash generating units (CGUs) for impairment testing purposes:

AT 28 JUNE 2015

	OPERATING SEGMENT	GOODWILL $'000	LICENCES, MASTHEADS AND TRADENAMES $'000	**TOTAL $'000**
ALLOCATION TO CGU GROUPS				
Metropolitan Media	Metropolitan Media	241,363	404,385	**645,748**
Australian Digital Transactions	Metropolitan Media	30,880	520	**31,400**
Australian Regional Media	Australian Community Media	-	299,224	**299,224**
Agricultural Media	Australian Community Media	-	122,333	**122,333**
Radio	Radio	83,405	115,211	**198,616**
New Zealand Media	New Zealand Media	-	156,231	**156,231**
Total goodwill, licences, mastheads and tradenames		355,648	1,097,904	**1,453,552**

AT 29 JUNE 2014

	OPERATING SEGMENT	GOODWILL $'000	LICENCES, MASTHEADS AND TRADENAMES $'000	**TOTAL $'000**
ALLOCATION TO CGU GROUPS				
Metropolitan Media	Metropolitan Media	91,558	387,135	**478,693**
Australian Digital Transactions	Metropolitan Media	30,155	564	**30,719**
Australian Regional Media	Australian Community Media	-	299,224	**299,224**
Agricultural Media	Australian Community Media	-	122,333	**122,333**
Radio	Radio	56,185	114,037	**170,222**
New Zealand Media	New Zealand Media	-	162,766	**162,766**
Total goodwill, licences, mastheads and tradenames		177,898	1,086,059	**1,263,957**

The recoverable amount of a CGU is determined based on value in use calculations, using a discounted cash flow methodology which requires the use of assumptions. The calculations use cash flow projections based on the annual budget approved by the Board and adjusted cash flow forecasts for up to five years. Cash flows beyond the forecast period are extrapolated using the estimated growth rates stated below.

The cash flow projections are based on the following key assumptions:

KEY	APPROACH
Year 1 cash flows	• Based on board approved annual budget.
Year 2 -5 cash flows	• A revenue decline has been assumed for the publishing businesses as management expect a cyclical downturn and structural change to continue. Assumptions have been made in line with past performance and management's expectation of market development. • Revenue growth is assumed in the digital businesses based on market maturity and the introduction of digital subscription – these assumptions are in line with industry trends and management's expectation of market development. • Expenses expected to decrease based on announced restructuring initiatives which have already produced a cost saving trend. Future savings are expected to continue in line with the current trend. • Given the impact and timing of Project Transcend cost savings on Australian Community Media, cashflows have been forecast over five years rather than three.
Long term growth rate	• These rates are consistent with industry forecasts specific to the industry in which the CGU operates.
Discount rate	• Reflects current market assessment of the time value of money and the risks specific to the relevant segments and countries in which the CGU operates.

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the publishing and digital industries. Specifically, the Directors note that the extent and duration of the structural change in print advertising is difficult to predict. The Directors have applied their best estimates to each of these variables but cannot warrant their outcome.

The long term growth rates and discount rates used in the current year calculations are:

	METROPOLITAN MEDIA	AUSTRALIAN DIGITAL TRANSACTIONS	AUSTRALIAN REGIONAL MEDIA	AGRICULTURAL MEDIA	RADIO	NEW ZEALAND MEDIA
Long term growth rate	-	3.5%	-	-	2.5%	-
Discount rate	10.5%	11.3%	10.5%	10.5%	10.5%	10.8%

Impairment testing as outlined above resulted in a $46.8 million masthead impairment and $46.8 million reversal of masthead impairment in the Australian Regional Media CGU Group as a result of the allocation of savings from the Transcend cost saving program.

(ii) IMPACT OF A REASONABLY POSSIBLE CHANGE IN KEY ASSUMPTIONS

The calculations are sensitive to changes in key assumptions as set out below:

Metropolitan Media
- Discount rate – increase from 10.5% to 11% would result in an impairment of $34.4 million.
- Year one cash flow forecasts – reduction of 5% would result in an impairment of $51 million.
- Terminal cash flow forecasts – reduction of 5% would result in an impairment of $42.4 million.

Australian Regional Media
- Discount rate –increase from 10.5% to 11% would result in an impairment of $16.6 million.
- Year one cash flow forecasts – reduction of 5% would result in no additional impairment.
- Terminal cash flow forecasts – reduction of 5% would result in an impairment of $12 million.

Agricultural Media
- Discount rate – increase from 10.5% to 11% would result in an impairment of $4.4 million.
- Year one cash flow forecasts – reduction of 5% would result in no impairment.
- Terminal cash flow forecasts – reduction of 5% would result in an impairment of $3 million.

New Zealand Media
- Discount rate – increase from 10.8% to 11.3% would result in an impairment of $8.2 million.
- Year one cash flow forecasts – reduction of 5% would result in an impairment of $34.7 million.
- Terminal cash flow forecasts – reduction of 5% would result in an impairment of $8.1 million.

Adjusting the cashflow forecasts and discount rate for the above key assumptions would not result in an impairment within the Australian Digital Transactions and Radio CGUs and therefore management has concluded that no reasonable possible change in the key assumptions would result in an impairment in respect of the Australian Digital Transactions and Radio CGU's.

10. RECEIVABLES

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT		
Trade debtors*	**282,843**	266,955
Provision for doubtful debts	**(8,862)**	(8,253)
	273,981	258,702
Prepayments	**16,024**	20,250
Other	**24,714**	16,472
Total current receivables	**314,719**	295,424
Non-current		
Other	**822**	1,232
Total non-current receivables	**822**	1,232

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

IMPAIRED TRADE DEBTORS

As at 28 June 2015, trade debtors of the Group with a nominal value of $8.9 million (2014: $8.3 million) were impaired and provided for. No individual amount within the provision for doubtful debts is material. Refer to Note 17(C) for the factors considered in determining whether trade debtors are impaired.

As at 28 June 2015, an analysis of trade debtors that are not considered impaired is as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Not past due	**206,606**	190,229
Past due 0 - 30 days	**51,877**	48,026
Past due 31 - 60 days	**11,752**	9,885
Past 60 days	**3,746**	10,562
	273,981	258,702

Based on the credit history of the trade debtors, it is expected that these amounts will be received. All other receivables are not past due and not considered impaired.

Movements in the provision for doubtful debts are as follows:

	2015 $'000	2014 $'000
Balance at the beginning of the financial year	**8,253**	10,014
Additional provisions	**1,997**	2,608
Disposal of controlled entities	**-**	(523)
Receivables written off as uncollectible	**(1,514)**	(4,072)
Other	**126**	226
Balance at the end of the financial year	**8,862**	8,253

ACCOUNTING POLICY

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

11. INVENTORIES

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Raw materials and stores - at net realisable value	**18,786**	19,990
Finished goods - at cost	**6,739**	4,753
Work in progress - at cost	**808**	619
Total inventories	**26,333**	25,362

During the year, newsprint and paper expense (excluding cartage) of $114.8 million (2014: $139.7 million) was recognised in the income statement.

During the year, no write down (2014: $0.4 million) to net realisable value on raw materials and stores was recognised within other expenses in the income statement.

ACCOUNTING POLICY

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

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

12. PAYABLES

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Trade and other payables*	**183,639**	155,599
Income in advance	**54,220**	56,413
Interest payable	**4,071**	6,040
Total current payables	**241,930**	218,052

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

ACCOUNTING POLICY

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

13. PROVISIONS

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT		
Employee benefits	**84,515**	85,478
Restructuring and redundancy	**41,228**	25,394
Property	**3,981**	1,116
Other	**6,992**	6,971
Total current provisions	**136,716**	118,959
NON-CURRENT		
Employee benefits	**10,936**	8,287
Property	**41,013**	41,129
Total non-current provisions	**51,949**	49,416

RECONCILIATION

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

	PROPERTY $'000	RESTRUCTURING AND REDUNDANCY $'000	OTHER $'000
PERIOD ENDED 28 JUNE 2015			
Balance at beginning of the financial year	42,245	25,394	6,971
Additional provision	7,744	49,781	3,114
Utilised	(5,077)	(33,880)	(3,093)
Acquisition through business combinations	244	-	-
Disposal of controlled entities	(100)	-	-
Exchange differences	(62)	(67)	-
Balance at end of the financial year	**44,994**	**41,228**	**6,992**
AT 28 JUNE 2015			
Current	3,981	41,228	6,992
Non-current	41,013	-	-
Total provisions, excluding employee benefits	**44,994**	**41,228**	**6,992**

ACCOUNTING POLICY

PROVISIONS

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

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

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

(i) EMPLOYEE BENEFITS

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

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

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

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

(ii) RESTRUCTURE AND REDUNDANCY

The provision is in respect of amounts payable in connection with restructuring and redundancies, including termination benefits, on-costs, outplacement and consultancy services.

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

(iii) PROPERTY

The provision for property costs is in respect of make good provisions, deferred lease incentives and onerous lease provisions. The make good provisions and deferred lease incentives are amortised over the shorter of the term of the lease or the useful life of the assets, being up to fifteen years.

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

(iv) OTHER

Other provisions includes defamation and various other costs relating to the business.

14. PROPERTY, PLANT AND EQUIPMENT

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
FREEHOLD LAND AND BUILDINGS		
At cost	**169,358**	226,959
Accumulated depreciation and impairment	**(25,670)**	(34,956)
Total freehold land and buildings	**143,688**	192,003
LEASEHOLD BUILDINGS		
At cost	**57,661**	115,711
Accumulated depreciation and impairment	**(18,487)**	(66,245)
Total leasehold buildings	**39,174**	49,466
PLANT AND EQUIPMENT		
At cost	**497,360**	1,091,328
Accumulated depreciation and impairment	**(370,319)**	(942,820)
Total plant and equipment	**127,041**	148,508
Capital works in progress - at cost	**20,286**	18,001
Total property, plant and equipment	**330,189**	407,978

RECONCILIATIONS

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

	NOTE	CAPITAL WORKS IN PROGRESS $'000	FREEHOLD LAND & BUILDINGS $'000	LEASEHOLD BUILDINGS $'000	PLANT & EQUIPMENT $'000	TOTAL $'000
AT 30 JUNE 2013						
Cost		33,222	273,198	110,574	1,061,360	**1,478,354**
Accumulated depreciation and impairment		-	(59,774)	(70,785)	(868,862)	**(999,421)**
Net carrying amount		33,222	213,424	39,789	192,498	**478,933**
PERIOD ENDED 29 JUNE 2014						
Balance at beginning of financial year		33,222	213,424	39,789	192,498	**478,933**
Additions/capitalisations		(930)	17,716	8,497	34,524	**59,807**
Capitalisation to software	9	(8,028)	-	-	-	**(8,028)**
Disposals		(4)	(4,611)	(696)	(2,553)	**(7,864)**
Disposal of controlled entities		-	-	-	(112)	**(112)**
Acquisition through business combinations		-	-	-	51	**51**
Depreciation	3(B)	-	(6,275)	(4,370)	(54,629)	**(65,274)**
Assets classified as held for sale		(20)	(32,782)	-	(99)	**(32,901)**
Reclasses between asset categories		(6,340)	13,303	6,044	(13,007)	**-**
Impairment		-	(12,388)	-	(10,421)	**(22,809)**
Exchange differences		101	3,616	202	2,256	**6,175**
At 29 June 2014, net of accumulated depreciation and impairment		18,001	192,003	49,466	148,508	**407,978**

NOTES TO THE FINANCIAL STATEMENTS:
OPERATING ASSETS AND LIABILITIES

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	NOTE	CAPITAL WORKS IN PROGRESS $'000	FREEHOLD LAND & BUILDINGS $'000	LEASEHOLD BUILDINGS $'000	PLANT & EQUIPMENT $'000	**TOTAL $'000**
AT 29 JUNE 2014						
Cost		18,001	226,959	115,711	1,091,328	**1,451,999**
Accumulated depreciation and impairment		-	(34,956)	(66,245)	(942,820)	**(1,044,021)**
Net carrying amount		18,001	192,003	49,466	148,508	**407,978**
PERIOD ENDED 28 JUNE 2015						
Balance at beginning of financial year		18,001	192,003	49,466	148,508	**407,978**
Additions/capitalisations		3,124	8,163	4,459	18,069	**33,815**
Capitalisation to software	9	(35)	-	-	-	**(35)**
Disposals		-	(7,763)	(906)	(2,558)	**(11,227)**
Disposal of controlled entities		-	-	(50)	(372)	**(422)**
Acquisition through business combinations		-	-	1,238	5,060	**6,298**
Depreciation	3(B)	-	(6,548)	(4,408)	(32,791)	**(43,747)**
Assets classified as held for sale		-	(37,535)	(10,325)	(3,162)	**(51,022)**
Impairment		-	(3,485)	-	(5,840)	**(9,325)**
Exchange differences		(804)	(1,147)	(300)	127	**(2,124)**
At 28 June 2015, net of accumulated depreciation and impairment		20,286	143,688	39,174	127,041	**330,189**
AS 28 JUNE 2015						
Cost		20,286	169,358	57,661	497,360	**744,665**
Accumulated depreciation and impairment		-	(25,670)	(18,487)	(370,319)	**(414,476)**
Net carrying amount		20,286	143,688	39,174	127,041	**330,189**

During the current year, an impairment charge of $9.3 million (2014: $22.8 million) was recorded on property, plant and equipment. This impairment primarily relates to freehold land and buildings and plant and equipment at various sites in the Group's print network. The impairment was recognised following a review of the fair value less costs to sell.

ACCOUNTING POLICY

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

RECOVERABLE AMOUNT

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

DEPRECIATION AND AMORTISATION

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows: Buildings: up to 60 years; Printing presses: up to 10 years; Other production equipment: up to 15 years; Other equipment: up to 20 years; Computer equipment: up to 6 years.

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

15. INTEREST BEARING LIABILITIES

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT INTEREST BEARING LIABILITIES - UNSECURED			
Other loans			
Senior notes	(C)	**25,352**	111,637
Other	(D)	**503**	3,316
Finance lease liability	(D)	**1,246**	4,768
Total current interest bearing liabilities		**27,101**	119,721
NON-CURRENT INTEREST BEARING LIABILITIES - UNSECURED			
Bank borrowings	(B)	**165,191**	138,055
Other loans			
Senior notes	(C)	**90,667**	95,722
Other	(D)	**-**	503
Finance lease liability	(D)	**-**	1,246
Total non-current interest bearing liabilities		**255,858**	235,526
NET DEBT			
Cash and cash equivalents	29(B)	**(342,830)**	(452,687)
Current interest bearing liabilities		**27,101**	119,721
Non-current interest bearing liabilities		**255,858**	235,526
Derivative financial instruments liabilities*		**(4,518)**	29,879
Net cash		**(64,389)**	(67,561)

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

(A) FINANCING ARRANGEMENTS

The Group net cash, taking into account all debt related derivative financial instruments, was $64.4 million as at 28 June 2015 (2014: Net cash of $67.6 million).

The Group has sufficient unused committed facilities and cash at the reporting date to finance maturing current interest bearing liabilities. The Group has a number of finance facilities which are guaranteed by the Group and are covered by deeds of negative pledge.

(B) BANK BORROWINGS

A $325.0 million syndicated bank facility (2014: $275.0 million) is available to the Group with maturities in July 2018 and July 2019. At 28 June 2015, $125.0 million was drawn (2014: $125.0 million). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

A $50.0 million revolving cash advance facility is available to Macquarie Radio Network Limited until March 2017. At 28 June 2015, $39.4 million was drawn (29 June 2014: nil). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

A NZ$40.0 million revolving cash advance facility is available to the Group until July 2018. At 28 June 2015, nil was drawn (29 June 2014: NZ$15.5 million). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

(C) SENIOR NOTES

The Group issued senior notes in the US private placement market with a principal value of US$230 million (A$289.8 million) in January 2004 with a fixed coupon of between 4.7% p.a. and 5.9% 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. Senior notes of US$50 million were repaid in January 2011, US$148 million were repaid in July 2013 and US$13 million were repaid in January 2014. The weighted average maturity of the issue is approximately 0.6 years. The applicable cross currency swap credit margin includes the cost of hedging all currency risk and future interest and principal repayments on a quarterly basis.

The Group issued further senior notes in the US private placement market with a principal value of US$250 million (A$308.2 million) in July 2007 comprising maturities ranging from July 2013 to July 2017. Senior notes of US$76 million were repaid in July 2013 and US$105 million were repaid in July 2014. The maturity of the remaining issued note is approximately 2 years. The issued note include fixed and floating rate coupon note, paying a coupon of 7.5% p.a. semi-annually in arrears. 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 1.0% p.a. step up margin is payable on the coupons, effective from 10 July 2009.

(D) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora site in Sydney is partially financed by a finance lease facility and loans with a maturity date of 30 September 2015. This comprises a finance lease of $1.2 million (2014: $6.0 million), which was entered into in February 1996, and principal and interest outstanding of $0.5 million (2014: $3.8 million) in the form of a fixed rate loan with an established repayment schedule.

ACCOUNTING POLICY

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

Finance lease liabilities are determined in accordance with the requirements of AASB 117 Leases (refer to Note 21).

16. DERIVATIVE FINANCIAL INSTRUMENTS

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT ASSETS		
Forward contracts	**-**	213
Total current derivative assets	**-**	213
NON-CURRENT ASSETS		
Cross currency swap - cash flow hedge	**16,902**	1,551
Total non-current derivative assets	**16,902**	1,551
CURRENT LIABILITIES		
Interest rate swap - cash flow hedge	**1,582**	-
Cross currency swap - cash flow hedge	**9**	4
Cross currency swap - fair value hedge	**1,537**	13,274
Cross currency swap - net investment hedge	**784**	-
Total current derivative liabilities	**3,912**	13,278
NON-CURRENT LIABILITIES		
Interest rate swap - cash flow hedge	**7,137**	14,711
Cross currency swap - fair value hedge	**-**	5,254
Cross currency swap - cash flow hedge	**-**	73
Cross currency swap - net investment hedge	**-**	1,919
Total non-current derivative liabilities	**7,137**	21,957

The Group is exposed to interest rate risk on interest bearing assets and liabilities, as well as foreign exchange risk on USD denominated senior notes. The Group uses derivative financial instruments to reduce exposure to these risks.

The Group:

- formally designates hedging instruments against an underlying exposure;
- formally documents the risk management objectives and strategies for undertaking hedge transactions; and
- assess at inception and on a semi-annual basis thereafter, as to whether the derivative financial instruments used in the hedging transactions are effective at offsetting the risks they are designed to hedge.

Due to the high levels of effectiveness, value changes in the derivatives are generally offset by changes in the fair value of the cash flows of the underlying exposure.

Any derivatives not formally designated as part of a hedging relationship are fair valued with any changes in fair value recognised in the income statement.

The derivatives entered into are generally highly liquid instruments entered into in the "over the counter" market.

HEDGING ACTIVITIES

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

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

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

(i) CASH FLOW HEDGES - INTEREST RATE AND CROSS CURRENCY SWAPS

At 28 June 2015, the Group held cross currency swaps designated as hedges of future contracted interest payments on the USD denominated senior notes issued in July 2007. The cross currency swaps are being used to hedge a combination of future movements in interest rates and foreign currency exchange rates.

At 28 June 2015, the notional principal amounts and period of expiry of the swaps for each counterparty are as follows:

		INTEREST RATE		
	MATURITY DATE	2015	2014	PAYMENT TERMS
Pay fixed, receive floating - AUD$59.5m	10/07/17	7.52%	7.52%	Interest receivable settles semi-annually and interest payable each 90 days. These dates coincide with the interest payable dates on the underlying senior notes.
Pay fixed, receive floating - AUD$22.6m	10/07/17	7.46%	7.46%	

At 28 June 2015, the Group held an interest rate swap designated as hedging the future contracted interest payments on AUD denominated bank borrowings. The interest rate swap is being used to hedge future movements in interest rates.

At 28 June 2015, the notional principal amount and period of expiry of the swap is as follows:

		INTEREST RATE		
	MATURITY DATE	2015	2014	PAYMENT TERMS
Pay fixed, receive floating - AUD$125m	12/10/2015	6.52%	6.52%	Interest receivable and interest payable settle each 90 days. These dates coincide with the interest payable dates on the underlying AUD denominated bank borrowings.

At 28 June 2015, the above hedges were assessed to be highly effective with a combined unrealised gain in fair value of $4.4 million (2014: $1.4 million gain) recognised in equity for the period. During the period no material ineffectiveness (2014: no material ineffectiveness) was recognised in the income statement attributable to the cash flow hedges.

During the year no material gain was transferred from equity to finance costs (2014: $0.1 million).

(ii) CASH FLOW HEDGES - FORWARD FOREIGN EXCHANGE CONTRACTS

During the year, forward exchange contracts were used by the Group to hedge future foreign capital and non-capital purchase commitments across the Australian and New Zealand business. The contracts are timed to mature as payments are scheduled to be made to suppliers. At 28 June 2015, the Group held no forward exchange contracts (2014: $0.2 million).

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

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

ACCOUNTING POLICY

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

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

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

(iii) FAIR VALUE HEDGES

At 28 June 2015, the Group held cross currency swap agreements designated as hedging changes in the underlying value of USD denominated senior notes (refer to Note 15). The terms of certain cross currency swap agreements exchange USD obligations into AUD obligations and other agreements exchange USD obligations into NZD obligations. The latter are also designated to hedge value changes in the Group's New Zealand controlled entities, as discussed in Note (iv) below.

At 28 June 2015, the cross currency swap agreements had a combined derivative liability position of $1.5 million (2014: $18.5 million).

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

The terms of these cross currency swaps are as follows:

	MATURITY DATE
Pay floating NZD receive fixed USD - USD$19m	15 January 2016

For the Group, the remeasurement of the hedged items resulted in a loss before tax of $3.9 million (2014: $13.9 million gain) and the changes in the fair value of the hedging instruments resulted in a gain before tax of $3.7 million (2014: $14.0 million loss) resulting in a net loss before tax of $0.2 million (2014: $0.1 million loss) recorded in finance costs.

ACCOUNTING POLICY

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

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

(iv) NET INVESTMENT HEDGES

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

At 28 June 2015, the hedges were assessed to be highly effective with an unrealised gain of $0.8 million (2014: $7.9 million loss) recognised in equity. During the current financial period there was an unrealised gain of $0.1 million (2014: $0.2 million loss) recognised in the income statement attributable to the ineffective portion of the net investment hedges.

ACCOUNTING POLICY

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

17. FINANCIAL AND CAPITAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments, other than derivatives, comprise cash, short term deposits, bills of exchange and bank loans. The main purpose of these financial instruments is to manage liquidity and to raise finance for the Group's operations. The Group has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The Group uses derivatives in accordance with Board approved policies to reduce the Group's exposure to fluctuations in interest rates and foreign exchange rates. These derivatives create an obligation or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative instruments that the Group uses to hedge risks such as interest rate and foreign currency movements include:

- cross currency swaps;
- interest rate swaps;
- forward foreign currency contracts; and
- forward rate agreements.

The Group's risk management activities for interest rate and foreign exchange exposures are carried out centrally by Fairfax Media Group Treasury department. The Group Treasury department operates under policies as approved by the Board. The Group Treasury department operates in co-operation with the Group's operating units so as to maximise the benefits associated with centralised management of Group risk factors.

CAPITAL RISK MANAGEMENT

The capital structure of Group entities is monitored using net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio. The ratio is calculated as net debt divided by underlying EBITDA. Net debt is calculated as total interest bearing liabilities less cash and cash equivalents. Where interest bearing liabilities are denominated in a currency other than the Australian dollar functional currency, and the liability is hedged into an Australian dollar obligation, the liability is measured for financial covenant purposes as the hedged Australian dollar amount.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back shareholder equity, issue new shares or sell assets to reduce debt. The Group reviews the capital structure to ensure:

- sufficient finance capacity for the business is maintained at a reasonable cost;
- sufficient funds are available for the business to implement its capital expenditure and business acquisition strategies; and
- all financial covenants are complied with.

Where excess funds arise with respect to the funds required to enact the Group's business strategies, consideration is given to increased dividends or buy back of shareholder equity. Refer to Note 18 for details on the buy back of shareholder equity.

RISK FACTORS

The key financial risk factors, including market risk, that arise from the Group's activities, including the Group's policies for managing these risks are outlined below.

(A) INTEREST RATE RISK

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing assets are predominantly short term liquid assets. Long term debt issued at fixed rates exposes the Group to fair value interest rate risk. The Group's borrowings which have a variable interest rate attached give rise to cash flow interest rate risk.

The Group's risk management policy for interest rate risk seeks to reduce the effects of interest rate movements on its asset and liability portfolio. The Group seeks to maintain a mix of foreign and local currency fixed rate and variable rate debt, as well as a mix of long term debt versus short term debt. The Group primarily enters into interest rate swap, interest rate option and cross currency agreements to manage these risks.

The Group designates which of its financial assets and financial liabilities are exposed to a fair value or cash flow interest rate risk, such as financial assets and liabilities with a fixed interest rate or financial assets and financial liabilities with a floating interest rate that is reset as market rates change.

Over the counter derivative contracts are carried at fair value, which are estimated using valuation techniques based wherever possible on assumptions supported by observable market prices or rates prevailing at the reporting date. For other financial instruments for which quoted prices in an active market are available, fair value is determined directly from those quoted market prices.

Refer to Note 16 for further details of the Group's derivative financial instruments and details of hedging activities.

At reporting date, the Group had the following mix of financial assets and financial liabilities exposed to interest rate risks:

AS AT 28 JUNE 2015

	FLOATING RATE $'000	FIXED RATE $'000	NON-INTEREST BEARING $'000	TOTAL $'000
FINANCIAL ASSETS				
Cash and cash equivalents	342,830	-	-	342,830
Trade and other receivables	-	-	299,517	299,517
Available for sale investments	-	-	2,276	2,276
Other financial assets	18,009	-	-	18,009
Derivatives	-	-	16,902	16,902
Total financial assets	**360,839**	**-**	**318,695**	**679,534**
FINANCIAL LIABILITIES				
Payables	-	-	241,930	241,930
Interest bearing liabilities:				
Bank borrowings and loans	165,191	503	-	165,694
Senior notes	-	116,019	-	116,019
Finance lease liability	-	1,246	-	1,246
Total interest bearing liabilities	165,191	117,768	-	282,959
Derivatives	2,330	8,719	-	11,049
Total financial liabilities	**167,521**	**126,487**	**241,930**	**535,938**
Total interest bearing liabilities	165,191	117,768	-	282,959
Notional principal hedged	(123,306)	(91,092)	-	(214,398)
Net exposure to cash flow interest rate risk*	**41,885**	**26,676**	**-**	**68,561**

AS AT 29 JUNE 2014

	FLOATING RATE $'000	FIXED RATE $'000	NON-INTEREST BEARING $'000	TOTAL $'000
FINANCIAL ASSETS				
Cash and cash equivalents	452,687	-	-	452,687
Trade and other receivables	-	-	276,406	276,406
Available for sale investments	-	-	2,488	2,488
Other financial assets	6,227	-	-	6,227
Derivatives	-	-	1,764	1,764
Total financial assets	**458,914**	**-**	**280,658**	**739,572**
FINANCIAL LIABILITIES				
Payables	-	-	218,052	218,052
Interest bearing liabilities:				
Bank borrowings and loans	138,055	3,819	-	141,874
Senior notes	-	207,359	-	207,359
Finance lease liability	-	6,014	-	6,014
Total interest bearing liabilities	138,055	217,192	-	355,247
Derivatives	20,518	14,717	-	35,235
Total financial liabilities	**158,573**	**231,909**	**218,052**	**608,534**
Total interest bearing liabilities	138,055	217,192	-	355,247
Notional principal hedged	(123,654)	(78,012)	-	(201,666)
Net exposure to cash flow interest rate risk*	**14,401**	**139,180**	**-**	**153,581**

* For floating rate instruments, this represents the unhedged portion. For fixed rate instruments, this represents amounts hedged to floating.

SENSITIVITY ANALYSIS

The Group performs sensitivity analysis to determine the effect on net profit and equity after income tax if interest rates at reporting date had been 30% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. Based on the sensitivity analysis the impact to the Group's post tax profit would be $0.6 million (2014: $0.7 million) and the Group's equity would be $0.1 million (2014: $0.9 million).

(B) FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency exchange risk arises primarily from:

- borrowings denominated in foreign currency; and
- firm commitments and/or highly probable forecast transactions for receipts and payments settled in foreign currencies and prices dependent on foreign currencies respectively.

The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to:

- United States Dollars; and
- New Zealand Dollars.

The Group hedges the currency risk on foreign currency borrowings by entering into cross currency swaps, which have the economic effect of converting foreign currency borrowings to local currency borrowings.

Forward foreign exchange contracts are used to hedge the Group's known non-debt related foreign currency risks. These contracts generally have maturities of less than twelve months after the reporting date and consequently the net fair value of the gains and losses on these contracts will be transferred from the cash flow hedging reserve to the income statement at various dates during this period when the underlying exposure impacts earnings. The derivative contracts are carried at fair value, being the market value as quoted in an active market.

The Group's risk management policy for foreign exchange is to only hedge known or highly probable future transactions. The policy only permits hedging of the Group's underlying foreign exchange exposures.

Benefits or costs arising from currency hedges for revenue and expense transactions that are designated and documented in a hedge relationship are brought to account in the income statement over the lives of the hedge transactions depending on the effectiveness testing outcomes and when the underlying exposure impacts earnings. For transactions entered into that hedge specific capital or borrowing commitments, any cost or benefit resulting from the hedge forms part of the initial asset or liability carrying value.

When entered into, the Group formally designates and documents the financial instrument as a hedge of the underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transactions. The Group formally assesses both at the inception and at least semi-annually thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognised in the income statement and this is mainly attributable to financial instruments in a fair value hedge relationship. Derivatives entered into and not documented in a hedge relationship are revalued with the changes in fair value recognised in the income statement. All of the Group's derivatives are straight forward over the counter instruments with liquid markets.

Refer to Note 16 for further details of the Group's derivative financial instruments and details of hedging activities.

SENSITIVITY ANALYSIS

The Group performs sensitivity analysis to determine the effect on net profit and equity after income tax if foreign exchange rates at reporting date had been 15% higher or lower with all other variables held constant, taking into account all underlying exposures and related hedges. Based on the sensitivity analysis the impact to the Group's post tax profit would be $0.1 million (2014: $0.1 million) and the Group's equity would be $3.4 million (2014: $3.6 million).

(C) CREDIT RISK

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

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

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 28 June 2015 counterparty credit risk was limited to financial institutions with S&P credit ratings ranging from A- to AA-.

The Group's credit risk is mainly concentrated across a number of customers and financial institutions. The Group does not have any significant credit risk exposure to a single or group of customers or individual institutions.

Financial assets are considered impaired where there is objective evidence that the Group will not be able to collect all amounts due according to the original trade and other receivable terms. Factors considered when determining if an impairment exists include ageing and timing of expected receipts and the credit worthiness of counterparties. A provision for doubtful debts is created for the difference between the assets carrying value and the present value of estimated future cash flows. The Group's trading terms do not generally include the requirement for customers to provide collateral as security for financial assets.

Refer to Note 10 for an ageing analysis of trade receivables and the movement in the provision for doubtful debts. All other financial assets are not impaired and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due.

(D) LIQUIDITY RISK

Liquidity risk is the risk that the Group cannot meet its financial commitments as and when they fall due.

To help reduce this risk the Group:

- has a liquidity policy which targets a minimum level of committed facilities and cash relative to EBITDA;
- has readily accessible funding arrangements in place; and
- staggers maturities of financial instruments.

Refer to Note 15(B) for details of the Group's unused credit facilities at 28 June 2015.

The contractual maturity of the Group's fixed and floating rate derivatives, other financial assets and other financial liabilities are shown in the tables below. The amounts represent the future undiscounted principal and interest cash flows and therefore may not equate to the values disclosed in the balance sheet.

AS AT 28 JUNE 2015

	(NOMINAL CASH FLOWS)			
	1 YEAR OR LESS $'000	1 TO 2 YEARS $'000	2 TO 5 YEARS $'000	MORE THAN 5 YEARS $'000
FINANCIAL LIABILITIES*				
Payables	(241,930)	-	-	-
Bank borrowings and loans	(6,957)	(45,855)	(137,236)	-
Notes and bonds	(32,271)	(97,115)	-	-
Finance lease liability	(2,533)	-	-	-
DERIVATIVES - INFLOWS*				
Cross currency swaps - foreign leg (fixed)**	32,333	6,746	90,369	-
DERIVATIVES - OUTFLOWS*				
Cross currency swaps - AUD leg (fixed)**	(6,149)	(6,149)	(82,262)	-
Cross currency swaps - NZD leg (variable)**	(28,164)	-	-	-
Interest rate swaps ***	(1,359)	-	-	-

AS AT 29 JUNE 2014

	(NOMINAL CASH FLOWS)			
	1 YEAR OR LESS $'000	1 TO 2 YEARS $'000	2 TO 5 YEARS $'000	MORE THAN 5 YEARS $'000
FINANCIAL LIABILITIES*				
Payables	(218,052)	-	-	-
Bank borrowings and loans	(10,153)	(144,842)	-	-
Notes and bonds	(126,273)	(26,213)	(78,886)	-
Finance lease liability	(9,848)	(2,533)	-	-
DERIVATIVES - INFLOWS*				
Cross currency swaps - foreign leg (fixed)**	118,304	26,264	78,886	-
Forward foreign currency contracts	4,169	-	-	-
DERIVATIVES - OUTFLOWS*				
Cross currency swaps - AUD leg (fixed)**	(6,149)	(6,149)	(88,411)	-
Cross currency swaps - AUD leg (variable)**	(125,043)	-	-	-
Cross currency swaps - NZD leg (variable)**	(938)	(29,341)	-	-
Interest rate swaps ***	(4,706)	(1,177)	-	-
Forward foreign currency contracts	(4,112)	-	-	-

* For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date.
** Contractual amounts to be exchanged representing gross cash flows to be exchanged.
*** Net amount for interest rate swaps for which net cash flows are exchanged.

(E) FAIR VALUE

The carrying amounts and fair values of financial assets and financial liabilities at reporting date are the same with the exception of the following:

	CARRYING VALUE 2015 $'000	**FAIR VALUE 2015 $'000**	CARRYING VALUE 2014 $'000	FAIR VALUE 2014 $'000
Interest bearing liabilities:				
Bank borrowings	**165,694**	**166,885**	141,874	143,220
Senior notes	**116,019**	**116,368**	207,359	207,386
Finance lease liability	**1,246**	**2,454**	6,014	10,859

Exchange traded listed share prices have been used to determine the fair value of listed available for sale investments.

The fair value of the senior notes and lease liabilities have been calculated by discounting the future cash flows by interest rates for liabilities with similar risk profiles. The discount rates applied range from 5.57% to 13.29% (2014: 5.57% to 13.29%).

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

The Group uses various methods in estimating fair value. The methods comprise:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of assets and liabilities held at fair value, as well as the methods used to estimate the fair value, are summarised in the table below:

AS AT 28 JUNE 2015

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
ASSETS AT FAIR VALUE				
Derivative assets	-	16,902	-	16,902
Available for sale investments	2,276	-	-	2,276
Assets held for sale				
Property, plant and equipment	-	-	68,215	68,215
	2,276	**16,902**	**68,215**	**87,393**
LIABILITIES AT FAIR VALUE				
Derivative liabilities	-	11,049	-	11,049
	-	**11,049**	**-**	**11,049**

AS AT 29 JUNE 2014

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
ASSETS AT FAIR VALUE				
Derivative assets	-	1,764	-	1,764
Available for sale investments	2,488	-	-	2,488
Assets held for sale				
Property, plant and equipment	-	-	29,963	29,963
	2,488	**1,764**	**29,963**	**34,215**
LIABILITIES AT FAIR VALUE				
Derivative liabilities	-	35,235	-	35,235
	-	**35,235**	**-**	**35,235**

Held for sale property, plant and equipment are carried at the Directors' determination of fair value which takes into account latest independent valuations and evidence of fair value from disposal negotiations. The key assumptions in determining the valuation of the properties are the estimated weighted average yield and costs of dismantling plant and equipment where relevant. Significant movement in these assumptions in isolation would result in a higher or lower fair value of the properties.

Derivatives assets and liabilities are valued using valuation techniques with market observable inputs (refer to Note 16).

18. EQUITY

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
ORDINARY SHARES			
2,383,370,791 ordinary shares authorised and fully paid (2014: 2,351,955,725)	(A)	**4,672,097**	4,667,944
UNVESTED EMPLOYEE INCENTIVE SHARES			
11,407,603 unvested employee incentive shares (2014: 11,594,031)	(B)	**(21,299)**	(21,419)
DEBENTURES			
281 debentures fully paid (2014: 281)	(C)	*	*
Total contributed equity		**4,650,798**	4,646,525

* Amount is less than $1000.

RECONCILIATIONS

Movements for each class of contributed equity, by number of shares and dollar value, are set out below:

	28 JUNE 2015 NO. OF SHARES	29 JUNE 2014 NO. OF SHARES	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(A) ORDINARY SHARES (i)				
Balance at beginning of the financial year	**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,944
Shares issued	**68,519,821**	-	**42,081**	-
Shares acquired and cancelled as part of on market buyback	**(37,104,755)**	-	**(37,928)**	-
Balance at end of the financial year	**2,383,370,791**	2,351,955,725	**4,672,097**	4,667,944
(B) UNVESTED EMPLOYEE INCENTIVE SHARES				
Balance at beginning of the financial year	**11,594,031**	11,723,026	**(21,419)**	(21,696)
Release of shares	**(186,428)**	-	**120**	-
Reclassification due to prior distribution of shares	**-**	(128,995)	**-**	277
Balance at end of the financial year	**11,407,603**	11,594,031	**(21,299)**	(21,419)
(C) DEBENTURES				
Balance at beginning of the financial year	**281**	281	*	*
Balance at end of the financial year	**281**	281	*	*
Total contributed equity			**4,650,798**	4,646,525

* Amount is less than $1000.

(i) 57,916,616 ordinary shares issued on 20 February 2015 are subject to the following voluntary escrow arrangements:

- 28,958,321 ordinary shares will be held in escrow from the date of issue and will be released on 1 July 2016.
- 9,652,765 ordinary shares will be held in escrow from the date of issue and will be released (either in whole or part), at the earliest, on 1 January 2016.
- 9,652,765 ordinary shares will be held in escrow from the date of issue and will be released (either in whole or part), at the earliest, on 1 January 2017.
- 9,652,765 ordinary shares will be held in escrow from the date of issue and will be released (either in whole or part), at the earliest, on 1 January 2018.

ACCOUNTING POLICY

(A) ORDINARY SHARES

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

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

(B) UNVESTED EMPLOYEE INCENTIVE SHARES

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

(C) DEBENTURES

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS: CAPITAL STRUCTURE AND FINANCIAL COSTS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

RESERVES

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Asset revaluation reserve, net of tax	(A)	**477**	753
Foreign currency translation reserve, net of tax	(B)	**(125,751)**	(110,148)
Cashflow hedge reserve, net of tax	(C)	**(2,672)**	(4,179)
Net investment hedge reserve, net of tax	(D)	**(17,338)**	(18,094)
Share-based payment reserve, net of tax	(E)	**14,819**	11,231
Acquisition reserve	(F)	**158,336**	182,706
General reserve	(G)	**(6,837)**	(6,837)
Total reserves		**21,034**	55,432
(A) ASSET REVALUATION RESERVE			
Balance at beginning of the financial year		**753**	41
Revaluation of available for sale investments		**(257)**	820
Impairment losses transferred to the income statement		**-**	16
Disposal of available for sale investments		**(19)**	(129)
Tax effect on available for sale investments		**-**	5
Balance at end of the financial year		**477**	753

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

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(B) FOREIGN CURRENCY TRANSLATION RESERVE			
Balance at beginning of the financial year		**(110,148)**	(132,599)
Exchange differences on currency translation		**(15,603)**	22,451
Balance at end of the financial year		**(125,751)**	(110,148)

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities, as described in Note 30(B).

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(C) CASHFLOW HEDGE RESERVE			
Balance at beginning of the financial year		**(4,179)**	(4,703)
Gains arising during the year on interest rate and cross currency swaps		**4,389**	1,410
Losses arising during the year on currency forward contracts		**(211)**	(774)
Reclassification adjustments for losses/(gains) included in the income statement		**5**	(125)
Tax effect of net changes on cashflow hedges		**(2,676)**	13
Balance at end of the financial year		**(2,672)**	(4,179)

The hedging reserve is used to record the portion of gains and losses on a hedging instrument in a cash flow hedge that is determined to be an effective hedge, as described in Note 16.

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(D) NET INVESTMENT HEDGE RESERVE			
Balance at beginning of the financial year		**(18,094)**	(10,232)
Effective portion of changes in value of net investment hedges		**1,104**	(11,231)
Tax effect on net investment hedges		**(348)**	3,369
Balance at end of the financial year		**(17,338)**	(18,094)

The net investment hedge reserve is used to record gains and losses on a hedging instruments in a fair value hedge, as described in Note 16.

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(E) SHARE-BASED PAYMENT RESERVE			
Balance at beginning of the financial year		**11,231**	8,799
Release of shares		**(120)**	-
Reclassification due to prior distribution of shares		**-**	(277)
Share-based payment expense		**5,298**	3,870
Tax effect on share-based payment expense		**(1,590)**	(1,161)
Balance at end of the financial year		**14,819**	11,231

The share-based payment reserve is used to recognise the fair value of shares issued but not vested and transfers to fund the acquisition of Share Trust shares, as described in Note 26.

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(F) ACQUISITION RESERVE			
Balance at beginning of the financial year		**182,706**	181,048
Non-controlling interest arising on the disposal of Fairfax Radio Network Pty Limited as part of the acquisition of Macquarie Radio Network Limited		**(24,412)**	-
Acquisition of non-controlling interest		**42**	1,658
Balance at end of the financial year		**158,336**	182,706

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

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
(G) GENERAL RESERVE			
Balance at beginning of the financial year		**(6,837)**	(6,837)
Balance at end of the financial year		**(6,837)**	(6,837)

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

19. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED 28 JUNE 2015 $'000	CONSOLIDATED 29 JUNE 2014 $'000	**COMPANY 28 JUNE 2015 $'000**	COMPANY 29 JUNE 2014 $'000
(A) ORDINARY SHARES				
Interim 2015 dividend: fully franked 2.0 cents - paid 18 March 2015	**48,410**	47,039	**48,410**	47,039
(2014: fully franked dividend 2.0 cents - paid 19 March 2014)				
2014 dividend: fully franked 2.0 cents - paid 17 September 2014	**47,039**	23,520	**47,039**	23,520
(2013: fully franked dividend 1.0 cent - paid 17 September 2013)				
Total dividends paid	**95,449**	70,559	**95,449**	70,559

(B) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since reporting date the Directors have declared a dividend of 2.0 cents per fully paid ordinary share, partly franked at the corporate tax rate of 30%. The aggregate amount of the dividend to be paid on 8 September 2015 out of profits, but not recognised as a liability at the end of the year, is expected to be $47.7 million.

(C) FRANKED DIVIDENDS

	COMPANY 2015 $'000	COMPANY 2014 $'000
Franking account balance as at reporting date at 30% (2014: 30%)	**8,019**	34,063
Franking credits that will arise from the payment of income tax payable balances as at the end of the financial year	**1,513**	1,262
Total franking credits available for subsequent financial years based on a tax rate of 30%	**9,532**	35,325

On a tax-paid basis, the Company's franking account balance is approximately $8.0 million (2014: $34.1 million). The impact on the franking account of the dividend declared by the Directors since reporting date will be a reduction in the franking account to approximately $0.7 million.

20. EARNINGS PER SHARE

	28 JUNE 2015 ¢ PER SHARE	29 JUNE 2014 ¢ PER SHARE
BASIC EARNINGS PER SHARE		
Net profit attributable to owners of the parent	**3.5**	9.5
DILUTED EARNINGS PER SHARE		
Net profit attributable to owners of the parent	**3.5**	9.5

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
EARNINGS RECONCILIATION - BASIC		
Net profit attributable to owners of the parent	**83,168**	224,432
EARNINGS RECONCILIATION - DILUTED		
Net profit attributable to owners of the parent	**83,168**	224,432

	28 JUNE 2015 NUMBER '000	29 JUNE 2014 NUMBER '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,369,820**	2,351,956
Weighted average number of ordinary shares used in calculating diluted EPS	**2,399,176**	2,365,174

ACCOUNTING POLICY

BASIC EARNINGS PER SHARE

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

DILUTED EARNINGS PER SHARE

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

21. COMMITMENTS

OPERATING LEASE COMMITMENTS - GROUP AS LESSEE

The Group has entered into commercial leases on office and warehouse premises, motor vehicles and office equipment.

Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Within one year	**45,223**	42,661
Later than one year and not later than five years	**147,966**	143,080
Later than five years	**254,289**	266,212
Total operating lease commitments	**447,478**	451,953

Non-cancellable leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases can be renegotiated. The leases have remaining terms of between one and twenty-three years and usually include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

OPERATING LEASE COMMITMENTS - GROUP AS LESSOR

The Group has entered into commercial subleases on office premises. Future minimum rentals receivable under non-cancellable operating leases as at the period end are $29.2 million.

FINANCE LEASE COMMITMENTS - GROUP AS LESSEE

The Group has a finance lease for property, plant and machinery with a carrying amount of $6.3 million (2014: $7.0 million). The lease has a remaining term of three months (2014: one year) and a weighted average interest rate of 13.3% (2014: 13.3%). The future minimum lease payments under the finance lease are $1.3 million (2014: $6.3 million). The present value of the net minimum lease payments are $1.2 million (2014: $6.0 million).

CONTINGENT RENTALS UNDER FINANCE LEASE

A component of the finance lease payments are contingent on movements in the consumer price index. At reporting date, the rent payable over the remaining lease term of three months which is subject to such movements amounts to $1.2 million (2014: $6.0 million).

NOTES TO THE FINANCIAL STATEMENTS: UNRECOGNISED ITEMS

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

CAPITAL COMMITMENTS

At 28 June 2015, the Group has commitments principally relating to the purchase of property, plant and equipment. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Within one year	**3,117**	4,619
Later than one year and not later than five years	**-**	109
Later than five years	**-**	-
Total capital commitments	**3,117**	4,728

OTHER COMMITMENTS

The Group has committed to providing up to $50 million in loans to Stan Entertainment Pty Ltd over a multi-year period.

ACCOUNTING POLICY

OPERATING LEASES

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

FINANCE LEASES

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

22. CONTINGENCIES

GUARANTEES

Under the terms of ASIC Class Order 98/1418 (as amended), the Company and certain controlled entities (refer Note 28), have guaranteed any deficiency of funds if any entity to the class order is wound-up. No such deficiency exists at reporting date.

The Group has provided a bank guarantee of $2.5 million in relation to a property sublease for a period of 30 months commencing 4 July 2013.

DEFAMATION

From time to time, entities in the Group are sued for defamation and similar matters in the ordinary course of business. At the date of this report, there were no legal actions against the consolidated entity, other than those recognised at Note 13, that are expected to result in a material impact.

23. EVENTS SUBSEQUENT TO REPORTING DATE

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

24. OTHER FINANCIAL ASSETS

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT		
Loan receivable	**1,384**	4,858
Total current other financial assets	**1,384**	4,858
NON-CURRENT		
Shares in unlisted entities - at fair value	**67**	67
Loan receivable	**16,558**	1,302
Total non-current other financial assets	**16,625**	1,369

ACCOUNTING POLICY

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

25. TAXATION

CONSOLIDATED INCOME STATEMENT

Income tax expense is reconciled to prima facie income tax payable as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Net profit before income tax expense	**121,117**	267,369
Prima facie income tax at 30% (2014: 30%)	**36,335**	80,211
Tax effect of differences:		
Share of net profits of associates and joint ventures	**(106)**	(1,813)
Capital gains not taxable	**(4,664)**	(24,581)
Non-assessable external dividends	**(1,459)**	(11)
Adjustments in respect of current income tax of previous years *	**(3,917)**	(11,686)
Temporary differences not recognised on intangible and other asset write-offs	**8,322**	(891)
Other	**(599)**	972
Income tax expense	**33,912**	42,201

* The 2015 adjustment includes $2.8 million of prior year R&D tax claims finalised in the current year (2014: $9.8 million).

The major components of income tax expense in the income statement are:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Current income tax expense	**44,328**	32,842
Deferred income tax expense	**(6,499)**	21,045
Adjustments in respect of current income tax of previous years	**(3,917)**	(11,686)
Income tax expense in the income statement	**33,912**	42,201

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Deferred tax related to items charged or credited directly to other comprehensive income during the year:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Unrealised gain on available for sale financial assets	**-**	5
Net gain/(loss) on actuarial gains and losses	**27**	(149)
Net (loss)/gain on revaluation of cash flow hedges	**(2,676)**	13
Net (loss)/gain on hedge of net investment	**(347)**	3,369
Income tax on items of other comprehensive income	**(2,996)**	3,238

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
	28 JUNE 2015 $'000	29 JUNE 2014 $'000	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000
Property, plant and equipment	**30,300**	15,987	**28,438**	7,177	**1,862**	8,810
Inventories	**-**	-	**767**	1,068	**(767)**	(1,068)
Investments	**-**	-	**163**	364	**(163)**	(364)
Intangible assets	**6,057**	6,120	**11,461**	2,059	**(5,404)**	4,061
Other assets	**13,340**	16,677	**6,039**	194	**7,301**	16,483
Provisions	**52,847**	44,980	**-**	-	**52,847**	44,980
Payables	**12,753**	7,208	**-**	-	**12,753**	7,208
Other liabilities	**6,019**	5,134	**-**	130	**6,019**	5,004
Tax losses	**-**	-	**-**	-	**-**	-
Other	**2,146**	941	**541**	33	**1,605**	908
Gross deferred tax assets/ liabilities	**123,462**	97,047	**47,409**	11,025	**76,053**	86,022
Set-off of deferred tax assets/liabilities	**(47,409)**	(11,025)	**(47,409)**	(11,025)	**-**	-
Net deferred tax assets/ liabilities	**76,053**	86,022	**-**	-	**76,053**	86,022

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

	BALANCE 29 JUNE 2014 $'000	RECOGNISED ON ACQUISITION $'000	RECOGNISED IN INCOME $'000	RECOGNISED IN EQUITY $'000	BALANCES DISPOSED $'000	**BALANCE 28 JUNE 2015 $'000**
Property, plant and equipment	8,810	1,228	(7,002)	(1,227)	53	**1,862**
Inventories	(1,068)	-	301	-	-	**(767)**
Investments	(364)	(62)	288	(25)	-	**(163)**
Intangible assets	4,061	(13,426)	5,043	(1,082)	-	**(5,404)**
Other assets	16,483	-	(6,507)	(2,675)	-	**7,301**
Provisions	44,980	(2,227)	7,248	2,853	(7)	**52,847**
Payables	7,208	(676)	5,517	710	(6)	**12,753**
Other liabilities	5,004	(46)	1,016	45	-	**6,019**
Tax losses	-	-	-	-	-	**-**
Other	908	394	595	(292)	-	**1,605**
	86,022	(14,815)	6,499	(1,693)	40	**76,053**

	BALANCE 30 JUNE 2013 $'000	RECOGNISED ON ACQUISITION $'000	RECOGNISED IN INCOME $'000	RECOGNISED IN EQUITY $'000	BALANCES DISPOSED $'000	**BALANCE 29 JUNE 2014 $'000**
Property, plant and equipment	1,496	-	7,417	-	(103)	**8,810**
Inventories	(3,055)	-	1,987	-	-	**(1,068)**
Investments	(515)	-	146	5	-	**(364)**
Intangible assets	1,248	(405)	1,695	-	1,523	**4,061**
Other assets	12,764	-	336	3,383	-	**16,483**
Provisions	62,524	95	(17,434)	-	(205)	**44,980**
Payables	10,669	10	(3,431)	-	(40)	**7,208**
Other liabilities	9,272	-	(4,068)	-	(200)	**5,004**
Tax losses	8,144	-	(8,143)	-	(1)	**-**
Other	1,767	-	450	(1,309)	-	**908**
	104,314	(300)	(21,045)	2,079	974	**86,022**

TAX LOSSES AND FUTURE DEDUCTIBLE TEMPORARY DIFFERENCES

The Group has realised Australian capital losses for which no deferred tax asset is recognised on the balance sheet of $308.4 million (2014: $146.0 million) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests.

The Group has deductible temporary differences for which no deferred tax asset is recognised on the balance sheet of $741.2 million (2014: $755.6 million).

FUTURE ASSESSABLE TEMPORARY DIFFERENCES

At 28 June 2015, there are no material unrecognised future assessable temporary differences associated with the Group's investments in associates or joint ventures, as the Group has no material liability should the associates or joint ventures retained earnings be distributed (2014: Nil).

ACCOUNTING POLICY

INCOME TAX AND OTHER TAXES

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

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

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

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

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

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

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

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

TAX CONSOLIDATION - AUSTRALIA

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

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

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

26. EMPLOYEE ENTITLEMENTS

(A) NUMBER OF EMPLOYEES

As at 28 June 2015 the Group employed 6,169 full-time employees (2014: 6,410) and 1,010 part-time and casual employees (2014: 1,211). This includes 1,405 (2014: 1,636) full-time employees and 150 (2014: 259) part-time and casual employees in New Zealand.

(B) EMPLOYEE SHARE PLANS

The Company had three employee share plans during the period. The terms of each plan are set out below:

1. FAIRFAX EXEMPT EMPLOYEE SHARE PLAN

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

2. FAIRFAX DEFERRED EMPLOYEE SHARE PLAN

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

3. LONG TERM EQUITY BASED INCENTIVE SCHEME

The long term incentive plan is available to certain permanent employees of the consolidated entity.

2013 Financial Year

For 2013, participants in the plan received an allocation of performance rights (rights) which allow the executives to acquire shares for no consideration subject to achievement of the performance hurdles. No dividends are payable to participants on the unvested rights.

The number of rights to which a participant was entitled depended on the participant's role and responsibilities. Allocations were set at a fixed percentage of the executive's fixed remuneration at the time they participate in the scheme. The value of the rights at the time of allocation was determined by an independent external valuer.

2014 & 2015 Financial Year

For 2014 & 2015, participants in the plan were granted options following the AGM with the exercise price set at the share price around the time of issue. The options have a vesting hurdle of absolute total shareholder return over three years from issue with a retest in the fourth year. No dividends are payable to participants on the unvested options.

Participants are also entitled to receive performance shares for no consideration subject to achievement of certain performance hurdles. Half of the shares granted are deferred for one year and the other half are deferred for two years. Participants must remain employed during the deferral period or the shares will be forfeited.

ACCOUNTING POLICY

Share-based compensation benefits can be provided to employees in the form of equity instruments.

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

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

The market value of equity instruments issued to employees for no cash consideration under the Long Term Incentive Plan is recognised as an employee benefits expense over the vesting period.

Shares purchased, but which have not yet vested to the employee as at reporting date are offset against contributed equity of the Group (refer to Note 18).

27. REMUNERATION OF AUDITORS

During the financial year the following amounts were paid or payable for services provided by the auditor of the Company and its related parties:

	28 JUNE 2015 $	29 JUNE 2014 $
AUDIT SERVICES		
Ernst & Young Australia		
Audit and review of financial reports	1,280,557	885,800
Affiliates of Ernst & Young Australia		
Audit and review of financial reports	165,006	228,521
Non Ernst & Young Firms		
Audit and review of financial reports	-	23,251
Total audit services	**1,445,563**	1,137,572
OTHER ASSURANCE SERVICES		
Ernst & Young Australia		
Regulatory and contractually required audits	118,141	178,249
Other	36,218	110,164
Affiliates of Ernst & Young Australia		
Regulatory and contractually required audits	63,654	71,948
Other	-	-
Non Ernst & Young Firms		
Regulatory and contractually required audits	3,031	2,160
Other	-	-
Total other assurance services	**221,044**	362,521
Total remuneration for assurance services	**1,666,607**	1,500,093
NON ASSURANCE SERVICES		
Ernst & Young Australia		
Other services	779,949	-
Affiliates of Ernst & Young Australia		
Other services	-	-
Non Ernst & Young Firms		
Other services	-	-
Total non assurance services	**779,949**	-
Total remuneration of auditors	**2,446,556**	1,500,093

28. RELATED PARTIES AND ENTITIES

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

Interests in controlled entities are set out in (F) in this Note.

(C) KEY MANAGEMENT PERSONNEL

TRANSACTIONS WITH DIRECTOR-RELATED ENTITIES

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

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

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

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Short-term employee benefits	**2,919**	3,639
Post-employment benefits	**131**	146
Other long-term benefits	**40**	45
Termination benefits	**-**	-
Share-based payment	**1,726**	2,625
Total compensation paid to key management personnel	**4,816**	6,455

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

INTERESTS HELD BY KEY MANAGEMENT PERSONNEL UNDER THE SENIOR EXECUTIVE PLAN

Share options held by key management personnel under the Senior Executive Plan to purchase ordinary shares have the following expiry dates and exercise prices:

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE $	**28 JUNE 2015 NUMBER OUSTANDING**	29 JUNE 2014 NUMBER OUTSTANDING
2014	(i)	0.58	**15,250,000**	19,125,000
2015	(i)	0.82	**8,895,832**	-
Total			**24,145,832**	19,125,000

(i) Share options expire three years from the date that the options vest. Refer to details of Transformation Incentive Plan in Section 5 of the Remuneration Report.

(D) TRANSACTIONS WITH RELATED PARTIES

The following transactions for the sale and purchase of goods and services occurred with related parties on normal market terms and conditions:

	SALES TO RELATED PARTIES $'000	PURCHASES FROM RELATED PARTIES $'000	AMOUNT OWED BY RELATED PARTIES $'000	AMOUNT OWED TO RELATED PARTIES $'000
ASSOCIATES				
28 June 2015	1,907	24,640	91	82
29 June 2014	3,588	17,753	343	64
JOINT VENTURES				
28 June 2015	212	4,833	178	19
29 June 2014	348	3,101	35	155

(E) PARENT ENTITY INFORMATION

The following disclosures relate to Fairfax Media Limited as an individual entity, being the ultimate parent entity of the Fairfax Media group.

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
FINANCIAL POSITION OF PARENT ENTITY		
Current assets	**1,236,650**	1,492,947
Total assets	**1,956,755**	1,900,484
Current liabilities	**13,428**	13,395
Total liabilities	**23,289**	13,395
TOTAL EQUITY OF PARENT ENTITY		
Contributed equity	**4,650,798**	4,646,525
General reserve	**(722)**	(722)
Acquisition reserve	**(10,672)**	(10,672)
Share-based payment reserve	**14,819**	11,231
Retained losses	**(2,720,757)**	(2,759,273)
Total equity	**1,933,466**	1,887,089
RESULT OF PARENT ENTITY		
Profit for the period	**133,966**	138,744
Other comprehensive income	**-**	-
Total comprehensive income for the period	**133,966**	138,744

Fairfax Media Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries within the Closed Group. Further details regarding the deed are set out in (G) in this Note.

OPERATING LEASE COMMITMENTS - PARENT ENTITY AS LESSEE

Future minimum rentals payable under non-cancellable operating leases as at the period end are as follows:

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Within one year	**-**	-
Later than one year and not later than five years	**-**	-
Later than five years	**-**	-
Total operating lease commitments	**-**	-

(F) CONTROLLED ENTITIES

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

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	OWNERSHIP INTEREST 2014 %
Fairfax Media Limited	(a)	Australia		
CONTROLLED ENTITIES				
2GTHR Pty Limited	(a)	Australia	100	100
ACN 000 128 281 Pty Limited (In Liq)	(i)	Australia	-	100
ACN 000 834 257 Pty Limited		Australia	100	100
ACN 001 004 815 Pty Limited (In Liq)	(i)	Australia	-	100
ACN 001 260 671 Pty Limited (In Liq)	(i)	Australia	-	100
ACN 091 950 462 Pty Limited (In Liq)	(i)	Australia	-	100
ACN 101 806 302 Pty Limited	(a)	Australia	100	100
ACN 129 831 072 Pty Limited	(b)	Australia	100	70
ACN 113 587 527 Pty Limited (In Liq)	(i)	Australia	-	100
Agricultural Publishers Pty Limited	(a)	Australia	100	100
Alldata Australia Pty Limited	(a) (c)	Australia	100	-
All Homes Pty Limited	(a) (c)	Australia	100	-
Allure Media Pty Ltd	(a)	Australia	100	100
Associated Newspapers Pty Limited	(a)	Australia	100	100
Aussie Destinations (1) Pty Ltd	(a)	Australia	100	100
Australian Capital Territory Real Estate Media Pty Limited		Australia	100	-
Australian Property Monitors Pty Limited	(a)	Australia	100	100
AZXC Pty Ltd	(a)	Australia	100	100
Border Mail Printing Pty Ltd	(a)	Australia	100	100
Bridge Printing Office Pty Limited	(a)	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS: OTHER

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	2014 %
Buyradio Pty Ltd	(d)	Australia	55	-
Carpentaria Newspapers Pty Ltd	(a)	Australia	100	100
Commerce Australia Pty Ltd	(a)	Australia	100	100
Commercial Real Estate Holdings Pty Limited	(a)	Australia	100	-
Commercial Real Estate Media Nominees Pty Limited		Australia	100	-
Commercial Real Estate Media Pty Limited		Australia	100	-
Country Publishers Pty Ltd	(a)	Australia	100	100
CountryCars.com.au Pty Ltd	(a)	Australia	100	100
Creative House Publications Pty Ltd		Australia	60	60
David Syme & Co Pty Limited	(a)	Australia	100	100
Debt Retrieval Agency Limited		New Zealand	100	100
Examiner Properties Pty Ltd	(a)	Australia	100	100
Fairfax Business Media (South Asia) Pte Ltd (in liq)		Singapore	100	100
Fairfax Community Newspapers Pty Limited	(a)	Australia	100	100
Fairfax Corporation Pty Limited	(a)	Australia	100	100
Fairfax Digital Australia & New Zealand Pty Limited	(a)	Australia	100	100
Fairfax Digital Pty Limited	(a)	Australia	100	100
Fairfax Entertainment Pty Limited	(a)	Australia	100	-
Fairfax Group Finance New Zealand Limited		New Zealand	100	100
Fairfax Media (UK) Limited		United Kingdom	100	100
Fairfax Media Group Finance Pty Limited	(a)	Australia	100	100
Fairfax Media Management Pty Limited	(a)	Australia	100	100
Fairfax Media Operations Limited		New Zealand	100	100
Fairfax Media Publications Pty Limited	(a)	Australia	100	100
Fairfax New Zealand Limited		New Zealand	100	100
Fairfax News Network Pty Limited	(a)	Australia	100	100
Fairfax Print Holdings Pty Limited	(a)	Australia	100	100
Fairfax Printers Pty Limited	(a)	Australia	100	100
Fairfax Radio Network Pty Limited	(d)	Australia	55	100
Fairfax Radio Syndication Pty Limited	(d)	Australia	55	100
Fairfax Regional Media (Tasmania) Pty Limited	(a)	Australia	100	100
Fairfax Regional Printers Pty Limited	(a)	Australia	100	100
Financial Essentials Pty Ltd (In Liq)	(e)	Australia	-	100

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	2014 %
Find a Babysitter Pty Ltd	(a)	Australia	100	100
Golden Mail Pty Limited		Australia	100	100
Gunnedah Publishing Co Pty Ltd	(a)	Australia	100	100
Harbour Radio Pty Ltd	(d)	Australia	55	-
Harris and Company Pty Limited	(a)	Australia	100	100
Harris Enterprises Pty Ltd	(a)	Australia	100	100
Harris Print Pty Ltd	(a)	Australia	100	100
Hunter Distribution Network Pty Ltd	(a)	Australia	100	100
Illawarra Newspapers Holdings Pty Ltd	(a)	Australia	100	100
Integrated Publication Solutions Pty Limited	(a)	Australia	100	100
Internet Marketing Australia Pty Ltd	(a)	Australia	100	100
Internet Products Sales & Services Pty Ltd	(a)	Australia	100	100
JFRF Nominee Pty Ltd		Australia	100	100
John Fairfax & Sons Pty Limited	(a)	Australia	100	100
John Fairfax (US) Limited		United States	100	100
John Fairfax Pty Limited	(a)	Australia	100	100
Lime Digital Pty Limited (In Liq)	(i)	Australia	-	100
Mackamedia Pty Ltd	(a)	Australia	100	100
Macquarie Media Network Pty Ltd	(d)	Australia	55	-
Macquarie Radio Network Limited	(d)	Australia	55	-
Macquarie Regional Radio Pty Ltd	(d)	Australia	55	-
Mamiko Co Pty Ltd	(a)	Australia	100	100
Map & Page Pty Ltd	(d)	Australia	55	-
Mapshed Pty Ltd	(a)	Australia	100	100
Mayas Pty Ltd		Australia	100	100
Mayas Unit Trust		Australia	100	100
Media Investments Pty Ltd	(a)	Australia	100	100
Metro Media Publishing Pty Ltd	(f)	Australia	92	-
Metro Media Services Pty Ltd	(a) (f)	Australia	100	-
Micosh Pty Ltd (In Liq)	(i)	Australia	-	100
Milton Ulladulla Publishing Co. Pty Ltd	(a)	Australia	100	100
Mistcue Pty Limited		Australia	65	65
MMP (CGE) Pty Ltd	(a) (f)	Australia	100	-
MMP (DVH) Pty Ltd	(f)	Australia	63	-
MMP (Melbourne Times) Pty Ltd	(f)	Australia	90	-
MMP Bayside Pty Ltd	(f)	Australia	78	-
MMP Community Network Pty Limited	(a) (f)	Australia	100	-
MMP Eastern Pty Ltd	(a) (f)	Australia	100	-
MMP Greater Geelong Pty Ltd	(f)	Australia	38	-

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	2014 %
MMP Holdings Pty Ltd	(a) (f)	Australia	100	50
MMP Moonee Valley Pty Ltd	(a) (f)	Australia	100	-
MMP Star Pty Ltd	(f)	Australia	67	-
Mountain Press Pty Ltd	(a)	Australia	100	100
Namoi Media & Marketing Pty Ltd	(a)	Australia	100	100
National Real Estate Media Nominees Pty Limited		Australia	100	-
National Real Estate Media Pty Limited	(a)	Australia	100	-
Netus Pty Limited	(a)	Australia	100	100
New South Wales Real Estate Media Pty Limited		Australia	100	-
Network Classifieds Pty Ltd	(f)	Australia	67	-
Newcastle Newspapers Pty Ltd	(a)	Australia	100	100
Newsagents Direct Distribution Pty Ltd	(a)	Australia	100	100
North Australian News Pty Ltd	(a)	Australia	100	100
Northern Newspapers Pty Ltd	(a)	Australia	100	100
Northern Territory Real Estate Media Pty Limited		Australia	100	-
Ollority Pty Ltd	(a)	Australia	100	100
Online Marketing Group Pty Limited	(a)	Australia	100	100
OSF Australia Pty Limited (In Liq)	(e)	Australia	-	100
Port Lincoln Times Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Pty Ltd	(a)	Australia	100	100
Port Stephens Publishers Trust		Australia	100	100
Property Data Solutions Pty Ltd	(a)	Australia	100	100
Queensland Community Newspapers Pty Ltd	(a)	Australia	100	100
Queensland Real Estate Media Pty Limited		Australia	100	-
Radio 1278 Melbourne Pty Limited	(d)	Australia	55	100
Radio 2CH Pty Ltd	(d)	Australia	55	-
Radio 2UE Sydney Pty Ltd	(d)	Australia	55	100
Radio 3AW Melbourne Pty Limited	(d)	Australia	55	100
Radio 4BC Brisbane Pty Limited	(d)	Australia	55	100
Radio 6PR Perth Pty Limited	(d)	Australia	55	100
Radio 96FM Perth Pty Limited	(g)	Australia	-	100
Radio Magic 882 Brisbane Pty Limited	(d)	Australia	55	100
Regional Press Australia Pty Limited (In Liq)	(e)	Australia	-	100
Regional Printers Pty Limited	(a)	Australia	100	100

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	OWNERSHIP INTEREST 2014 %
Regional Publishers (Tasmania) Pty Ltd (In Liq)	(e)	Australia	-	100
Regional Publishers (Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers (Western Victoria) Pty Limited	(a)	Australia	100	100
Regional Publishers Pty Ltd	(a)	Australia	100	100
Review Property (SA) Pty Ltd	(f)	Australia	100	-
Review Property Pty Ltd	(f)	Australia	50	-
RSVP.com.au Pty Limited	(h)	Australia	-	100
Rural Press Printing (Victoria) Pty Limited	(a)	Australia	100	100
Rural Press Printing Pty Limited	(a)	Australia	100	100
Rural Press Pty Limited	(a)	Australia	100	100
Rural Press Queensland Pty Ltd	(a)	Australia	100	100
Rural Press Regional Media (WA) Pty Limited	(a)	Australia	100	100
Rural Publishers Pty Limited	(a)	Australia	100	100
S.A. Regional Media Pty Limited	(a)	Australia	100	100
Satellite Music Australia Pty Limited	(d)	Australia	55	100
South Australia Real Estate Media Pty Limited		Australia	100	-
Southern Weekly Partnership		Australia	75	75
Stock Journal Publishers Pty Ltd	(a)	Australia	100	100
Suzannenic Pty Limited	(a)	Australia	100	100
Tasmania Real Estate Media Pty Limited		Australia	100	-
The Advocate Newspaper Proprietary Limited	(a)	Australia	100	100
The Age Company Pty Limited	(a)	Australia	100	100
The Age Print Company Pty Ltd	(a)	Australia	100	100
The Barossa News Pty Limited	(a)	Australia	100	100
The Border Morning Mail Pty Limited	(a)	Australia	100	100
The Border News Partnership		Australia	63	63
The Federal Capital Press of Australia Pty Limited	(a)	Australia	100	100
The Independent News Pty Ltd (In Liq)	(e)	Australia	-	100
The Wagga Daily Advertiser Pty Ltd	(a)	Australia	100	100
The Warrnambool Standard Pty Ltd	(a)	Australia	100	100
The Weather Company Pty Limited		Australia	75	75
Tricom Group Pty Ltd (In Liq)	(e)	Australia	-	100
Weatherzone Japan LLC		Japan	75	75

	NOTES	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2015 %	2014 %
West Australian Rural Media Pty Ltd	(a)	Australia	100	100
Western Australian Primary Industry Press Pty Ltd	(a)	Australia	100	100
Western Australia Real Estate Media Pty Limited		Australia	100	-
Western Magazine Pty Ltd		Australia	75	75
Western Magazine Settlement Trust		Australia	75	75
Whyalla News Properties Pty Ltd (In Liq)	(e)	Australia	-	100
Winbourne Pty Limited	(a)	Australia	100	100

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

(b) This company was formerly called TheVine.com.au Pty Limited. The remaining interest in this company was acquired on 22 July 2014.

(c) Acquired on 2 October 2014.

(d) On 31 March 2015, Macquarie Radio Network Limited acquired 100% of the share capital of Fairfax Radio Network Pty Limited from the Group. In exchange, the Group received a 54.5% ownership interest in Macquarie Radio Network Limited.

(e) Deregistered on 8 January 2015.

(f) Control was obtained on 22 January 2015 when the Group acquired the remaining 50% ownership interest in MMP Holdings Pty Ltd.

(g) Disposed on 30 January 2015.

(h) On 1 July 2014, the Group disposed of 42.2% of RSVP.com.au Pty Limited. This investment was equity accounted from 1 July 2014.

Refer to Note 8 for further details.

(i) Deregistered on 14 July 2014.

(G) DEED OF CROSS GUARANTEE

Fairfax Media Limited and certain wholly-owned entities (the 'Closed Group') identified at (F) in this Note are parties to a Deed of Cross Guarantee under ASIC Class Order 98/1418 (as amended). Pursuant to the requirements of that Class Order, a summarised consolidated income statement for the period ended 28 June 2015 and consolidated balance sheet as at 28 June 2015, comprising the members of the Closed Group after eliminating all transactions between members are set out below:

BALANCE SHEET

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
CURRENT ASSETS		
Cash and cash equivalents	**305,104**	444,707
Trade and other receivables	**221,740**	230,103
Inventories	**21,307**	20,674
Derivative assets	**-**	213
Assets held for sale	**64,297**	83,784
Other financial assets	**1,384**	4,858
Total current assets	**613,832**	784,339
NON-CURRENT ASSETS		
Receivables	**171**	1,248
Investments accounted for using the equity method	**87,828**	87,667
Available for sale investments	**7**	2,488
Intangible assets	**1,176,198**	1,141,818
Property, plant and equipment	**254,006**	341,196
Derivative assets	**16,902**	1,551
Deferred tax assets	**76,647**	84,773
Pension assets	**951**	-
Other financial assets	**820,028**	574,070
Total non-current assets	**2,432,738**	2,234,811
Total assets	**3,046,570**	3,019,150
CURRENT LIABILITIES		
Payables	**13,891**	103,074
Interest bearing liabilities	**27,101**	119,721
Derivative liabilities	**3,912**	13,278
Liabilities directly associated with held for sale assets	**-**	4,202
Provisions	**114,466**	99,958
Current tax liabilities	**20,635**	3,132
Total current liabilities	**180,005**	343,365

NOTES TO THE FINANCIAL STATEMENTS: OTHER

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES FOR THE PERIOD ENDED 28 JUNE 2015

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**213,973**	235,526
Derivative liabilities	**7,137**	21,957
Provisions	**48,820**	47,041
Pension liabilities	**-**	440
Other non-current liabilities	**10,040**	-
Total non-current liabilities	**279,970**	304,964
Total liabilities	**459,975**	648,329
Net assets	**2,586,595**	2,370,821
EQUITY		
Contributed equity	**4,650,798**	4,646,525
Reserves	**(203,254)**	(12,711)
Retained losses	**(1,860,949)**	(2,262,993)
Total equity	**2,586,595**	2,370,821

INCOME STATEMENT

	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Total revenue	**1,404,364**	1,637,018
Share of net profits of associates and joint ventures	**1,038**	8,012
Expenses before finance costs	**(1,192,956)**	(1,350,936)
Finance costs	**(25,824)**	12,040
Net profit from operations before income tax expense	**186,622**	306,134
Income tax expense	**(19,387)**	(41,847)
Net profit from operations after income tax expense	**167,235**	264,287

29. NOTES TO THE CASH FLOW STATEMENT

(A) RECONCILIATION OF NET PROFIT AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	NOTE	28 JUNE 2015 $'000	29 JUNE 2014 $'000
Net profit for the period		**87,205**	225,168
NON-CASH ITEMS			
Depreciation and amortisation	3(B)	**64,982**	93,517
Impairment of property, plant and equipment, intangibles and investments		**35,055**	23,459
Amortisation of borrowing costs		**492**	1,764
Share of losses/(profits) of associates and joint ventures not received as dividends		**7,483**	(3,266)
Straight-line rent adjustment		**(151)**	312
Net gain on disposal of property, plant and equipment		**(1,226)**	(121)
Net gain on disposal of investments and other assets		**(13,808)**	(106,345)
Fair value adjustment to derivatives		**2**	(157)
Net foreign currency gains		**(3,665)**	(5,526)
Share-based payment expense		**5,298**	3,870
Non-cash superannuation expense		**(12)**	(731)
Gain on partial redemption of senior notes		**-**	(10,183)
Other non-operating gains		**(335)**	-
CHANGES IN OPERATING ASSETS AND LIABILITIES, NET OF EFFECTS FROM ACQUISITIONS			
(Increase)/decrease in trade receivables		**(1,306)**	8,751
Decrease/(increase) in other receivables		**5,592**	(11,153)
(Increase)/decrease in inventories		**(1,206)**	5,916
Increase in other assets		**(314)**	(1,286)
Decrease in payables		**(10,446)**	(3,287)
Increase/(decrease) in provisions		**16,919**	(78,298)
Increase in tax balances		**15,190**	29,078
Net cash inflow from operating activities		**205,749**	171,482

(B) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash at end of the financial year (as shown in the Cash Flow Statement) to the related items in the financial statements is as follows:

	NOTE	**28 JUNE 2015 $'000**	29 JUNE 2014 $'000
Cash on hand and at bank		**342,830**	452,687
Total cash at end of the financial year		**342,830**	452,687

ACCOUNTING POLICY

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

30. SUMMARY OF SIGNIFICANT OTHER ACCOUNTING POLICIES

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

(A) PRINCIPLES OF CONSOLIDATION

(I) CONTROLLED ENTITIES

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 6). Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated.

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

(B) FOREIGN CURRENCY

(i) CURRENCY OF PRESENTATION

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

(ii) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are generally recognised in the income statement. These are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges, until the entity is disposed. Tax charges and credits attributable to exchange differences on borrowings are also recognised in equity.

Non-monetary items that are measured at fair value in a foreign currency (i.e. available for sale financial assets) are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are included in the asset revaluation reserve in equity.

(iii) GROUP ENTITIES

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

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

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

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

(C) GOODS AND SERVICES TAX (GST)

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

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

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

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

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

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

(D) NEW ACCOUNTING STANDARDS AND URGENT ISSUES GROUP (UIG) INTERPRETATIONS

(i) CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

New standards and interpretations that are applicable for the first time for the June 2015 year end report are:

- AASB 1031 Materiality
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

These standards have introduced new disclosures but did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

(ii) ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 28 June 2015 reporting periods. The Group has elected not to early adopt these new standards or amendments in the financial statements. The Group has yet to fully assess the impact the following accounting standards and amendments to accounting standards will have on the financial statements, when applied in future periods. They include:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers.

Other standards and interpretations that have been issued but are not yet effective are not expected to have any significant impact on the Group's financial statements in the year of their initial application.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Fairfax Media Limited, we state that:

1. In the opinion of the Directors:
   (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 28 June 2015 and of its performance for the year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration has been made after receiving the declarations required to be made to the Directors from the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 28 June 2015.

On behalf of the Board

Roger Corbett, AO
Chairman

13 August 2015

Gregory Hywood
Chief Executive Officer and Managing Director

13 August 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFAX MEDIA LIMITED

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Independent auditor's report to the members of Fairfax Media Limited

Report on the financial report

We have audited the accompanying financial report of Fairfax Media Limited, which comprises the consolidated statement of financial position as at 28 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FAIRFAX MEDIA LIMITED

EY
Building a better working world

Opinion

In our opinion:

a. the financial report of Fairfax Media Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 28 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 32 to 51 of the directors' report for the year ended 28 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Fairfax Media Limited for the year ended 28 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young.

Ernst & Young

Douglas Bain
Partner
Sydney
13 August 2015

FIVE YEAR PERFORMANCE SUMMARY

FAIRFAX MEDIA LIMITED AND CONTROLLED ENTITIES AS AT 28 JUNE 2015

					RESTATED*	AS REPORTED	
		2015	2014	2013	2012	2012	2011
INCOME STATEMENT							
Total revenue	$m	1,878.1	1,987.6	2,045.4	2,224.9	2,339.2	2,476.5
Revenues from operations	$m	1,838.6	1,856.8	2,010.5	2,199.9	2,310.9	2,463.4
Earnings/(loss) before depreciation, interest and tax (EBITDA)	$m	202.4	371.3	(119.2)	(2,644.6)	(2,558.6)	(80.7)
Depreciation and amortisation	$m	65.0	93.5	100.8	103.5	107.5	114.4
Earnings/(loss) before interest and tax	$m	137.4	277.8	(220.0)	(2,748.1)	(2,666.1)	(195.0)
Net interest expense	$m	16.3	10.4	55.0	109.7	111.7	108.0
Profit/(loss) before tax	$m	121.1	267.4	(274.9)	(2,857.8)	(2,777.8)	(303.1)
Income tax expense/(benefit)	$m	33.9	42.2	37.9	(73.0)	(52.0)	86.6
Net profit/(loss) attributable to members of the Company	$m	83.2	224.4	(16.4)	(2,732.4)	(2,732.4)	(390.9)
Net profit before significant items	$m	143.6	157.8	128.0	205.4	205.4	283.8
BALANCE SHEET							
Total equity	$m	2,066.4	1,990.7	1,816.2	2,042.7	2,042.7	4,438.7
Total assets	$m	2,823.3	2,781.5	3,016.7	4,006.6	4,006.6	6,700.6
Total borrowings	$m	283.0	355.2	638.2	1,207.4	1,207.4	1,532.0
STATISTICAL ANALYSIS							
Number of shares and debentures	m	2,383.4	2,352.0	2,352.0	2,352.0	2,352.0	2,352.0
Number of shareholders		28,120	30,071	34,805	35,174	35,174	37,974
EBITDA to operating revenue	%	11.0	20.0	(5.9)	(120.2)	(110.7)	(3.3)
EBIT to operating revenue	%	7.5	15.0	(10.9)	(124.9)	(115.4)	(7.9)
Basic earnings/(loss) per share	cents	3.5	9.5	(0.7)	(116.2)	(116.2)	(17.0)
Basic earnings per share before significant items	cents	6.1	6.7	5.4	8.7	8.7	11.6
Operating cash flow per share	cents	8.6	7.3	7.9	11.4	11.4	18.3
Dividend per share	cents	4.0	4.0	2.0	3.0	3.0	3.0
Dividend payout ratio	%	114.3	42.1	-	-	-	-
Interest cover based on EBITDA before significant items	Times	17.8	30.0	5.8	3.8	4.5	5.6
Gearing	%	13.7	17.8	35.1	59.1	59.1	34.5
Return on equity	%	7.0	7.9	7.0	10.1	10.1	6.4
Market price per share	$	0.85	0.93	0.50	0.58	0.58	0.98
Market capitalisation	$m	2,025.9	2,175.6	1,164.2	1,364.1	1,364.1	2,304.9
Number of full-time employees		6,169	6,410	7,043	8,416	8,416	8,806
Number of part-time and casual employees		1,010	1,211	1,384	1,748	1,748	1,825

* 2012 'Restated' figures reflect adjustments made to the 2012 'As Reported' as a result of applying the discontinued operations standard AASB 5. For further details of discontinued operations, refer to Note 5 of the 2014 financial statements where the standard was applied.

SHAREHOLDER INFORMATION

FAIRFAX MEDIA LIMITED

TWENTY LARGEST HOLDERS OF SECURITIES AT 7 AUGUST 2015

	NUMBER OF SECURITIES	%
ORDINARY SHARES (FXJ)		
HSBC Custody Nominees (Australia) Limited	**472,487,566**	19.82
JP Morgan Nominees Australia Limited	**415,511,287**	17.43
National Nominees Limited	**400,660,205**	16.81
Citicorp Nominees Pty Limited	**400,232,084**	16.79
BNP Paribas Noms Pty Ltd <DRP>	**94,820,237**	3.98
AMP Life Limited	**36,452,973**	1.53
Citicorp Nominees Pty Limited <COLONIAL FIRST STATE INV A/C>	**33,389,089**	1.40
RBC Investor Services Australia Nominees Pty Limited <PI POOLED A/C>	**33,032,228**	1.39
UBS Nominees Pty Ltd	**24,643,824**	1.03
HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	**21,951,224**	0.92
RBC Investor Services Australia Nominees P/L <WAM ACCOUNT>	**12,071,502**	0.51
Pacific Custodians Pty Limited <EXECUTIVE ESP TST A/C>	**11,592,369**	0.49
Share Direct Nominees Pty Ltd <10026 A/C>	**10,568,281**	0.44
National Nominees Limited <N A/C>	**8,246,799**	0.35
SBN Nominees Pty Limited <10004 ACCOUNT>	**7,760,000**	0.33
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	**6,299,917**	0.26
RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	**5,118,416**	0.21
Wilmar Enterprises Pty Ltd	**5,000,000**	0.21
UBS Nominees Pty Ltd	**4,782,155**	0.20
HSBC Custody Nominees (Australia) Limited - A/C 3	**4,635,230**	0.19
	2,009,255,386	84.29

DEBENTURES

	NUMBER OF SECURITIES	%
National Financial Services Corp.	**281**	100

OPTIONS

There were no options exercisable at the end of the financial year.

SHAREHOLDER INFORMATION

FAIRFAX MEDIA LIMITED

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company as at 7 August 2015 are:

	ORDINARY SHARES
Morgan Stanley & Co	**358,946,063**
IOOF Holdings Limited	**154,618,018**
Ausbil Dexia Limited	**149,340,606**
SAS Trustee Corporation	**118,279,205**
Dimensional Fund Advisors Group	**117,713,482**

DISTRIBUTION OF HOLDINGS AT 7 AUGUST 2015

	NO. OF ORDINARY SHAREHOLDERS	NO. OF DEBENTURE SHAREHOLDERS
NO. OF SECURITIES		
1 – 1,000	**8,127**	1
1,001 – 5,000	**11,132**	–
5,001 – 10,000	**3,922**	–
10,001 – 100,000	**4,584**	–
100,001 and over	**341**	–
Total number of holders	**28,106**	1
Number of holders holding less than a marketable parcel	**5,136**	–

VOTING RIGHTS

Voting rights of ordinary shareholders are governed by Rules 5.8 and 5.9 of the Company's Constitution which provide that every member present personally or by proxy, attorney or representative shall on a show of hands have one vote and on a poll, shall have one vote for every share held. Debentures do not carry any voting rights.

DIRECTORY

FAIRFAX MEDIA LIMITED

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10.30am on Thursday, 5 November 2015 at the
Heritage Ballroom
Level 6, The Westin Sydney
No. 1 Martin Place
Sydney NSW 2000

FINANCIAL CALENDAR 2016

Interim result	February 2016
Preliminary final result	August 2016
Annual General Meeting	November 2016

COMPANY SECRETARY

Gail Hambly

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Ph: 1300 888 062 (toll free within Australia)
Ph: +61 2 8280 7670
Fax: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Securities Exchange as FXJ.

WEBSITE

Corporate information and the Fairfax annual report can be found via the Company's website at www.fairfaxmedia.com.au. The Company's family of websites can be accessed through www.fairfaxmedia.com.au

HOW TO OBTAIN THE FAIRFAX ANNUAL REPORT

A soft copy of the annual report is available at www.fairfaxmedia.com.au. To obtain a hard copy of the report, contact Link Market Services – see contact details under Share Registry.

CONSOLIDATION OF SHAREHOLDINGS

Shareholders who wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing via post or email.

DIRECT PAYMENT TO SHAREHOLDERS' ACCOUNTS

The Company pays dividends by direct credit to shareholders' bank accounts. The Company no longer issues cheques except in exceptional circumstances. A direct credit form can be obtained from the Share Registry.

Payments are electronically credited on the dividend date and confirmed by a mailed payment advice either by post or email. Shareholders are advised to notify the Share Registry (although it is not obligatory) of their tax file number so that dividends can be paid without tax being withheld.

INDEPENDENT. ALWAYS.

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