

Appendix 4D and Half Year Financial Report

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

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Directors' Declaration

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The half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2015 annual financial report.

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

Reported (all comparisons to the half year ended 28 December 2014)				
Total revenue	up	1.6%	to	\$958.1m
Net profit for the period attributable to members	up	4.2%	to	\$27.4m

DIVIDENDS

	Amount per security	Franked amount per security
27 December 2015		
Interim dividend	2.0¢	2.0¢
Record date for determining entitlements to the interim dividend	3 March 2016	
28 December 2014		
Interim dividend	2.0¢	2.0¢
Record date for determining entitlements to the interim dividend	4 March 2015	

NET TANGIBLE ASSETS PER SHARE

	27 December 2015 \$	28 December 2014 \$
Net tangible asset backing per ordinary share	0.19	0.29
Net asset backing per ordinary share	0.86	0.84

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

Trading Performance

	Note	As reported		Significant items (iii)		Trading performance excluding significant items	
		27 Dec 2015 6 months	28 Dec 2014 6 months	27 Dec 2015 6 months	28 Dec 2014 6 months	27 Dec 2015 6 months	28 Dec 2014 6 months
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	(i)	958,086	943,337	-	-	958,086	943,337
Associate profits		2,744	733	-	-	2,744	733
Expenses		(862,250)	(858,753)	(62,509)	(74,080)	(799,741)	(784,673)
Operating EBITDA		98,580	85,317	(62,509)	(74,080)	161,089	159,397
Depreciation and amortisation		(34,688)	(33,654)	-	-	(34,688)	(33,654)
EBIT		63,892	51,663	(62,509)	(74,080)	126,401	125,743
Net finance costs	(ii)	(6,970)	(8,646)	-	-	(6,970)	(8,646)
Net profit/(loss) before tax		56,922	43,017	(62,509)	(74,080)	119,431	117,097
Tax (expense)/benefit		(23,962)	(16,305)	10,090	17,424	(34,052)	(33,729)
Net profit/(loss) after tax		32,960	26,712	(52,419)	(56,656)	85,379	83,368
Net profit attributable to non-controlling interest		(5,555)	(416)	-	-	(5,555)	(416)
Net profit/(loss) attributable to members of the Company		27,405	26,296	(52,419)	(56,656)	79,824	82,952
Earnings per share (cents)		1.2	1.1			3.4	3.5

Notes:

- (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 and restructuring and redundancy consistent with prior period disclosures.

Directors' Report

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

The Board of Directors presents its report on the consolidated entity of Fairfax Media Limited (the Company) and the entities it controlled at the end of, or during, the period ended 27 December 2015.

Directors

The Directors of the Company at any time during the period ended 27 December 2015 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated.

NICK FALLOON

Non-Executive Chairman
Appointed Non-Executive Director 1 May 2015
Appointed Non-Executive Chairman 1 September 2015

ROGER CORBETT, AO

Non-Executive Chairman
Resigned 1 September 2015

MICHAEL ANDERSON

Non-Executive Director

JACK COWIN

Non-Executive Director

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

Review of operations

The key highlights of the trading results of the Company for the period ended 27 December 2015 as compared to the corresponding period are:

- Net profit attributable to members after tax of \$27.4 million.
- Earnings per share of 1.2 cents.
- Revenue of \$958.1 million, up 1.6% from the prior corresponding period.
- EBITDA of \$98.6 million, up from \$85.3 million in the prior corresponding period.
- Significant items totalling \$52.4 million loss after tax relate to the impairment of intangibles, investments and property, plant and equipment (\$32.5 million) and restructuring and redundancy charges (\$19.9 million).
- Net cash of \$6.2 million, compared with net cash of \$64.4 million at 28 June 2015.
- Interim dividend of 2.0 cents per share partly franked.

Metropolitan Media profitability increased by 14.7% for the half with revenue growing by 9.7%. Revenue growth was driven by strong momentum in Domain, Digital Ventures, digital subscription revenue and the consolidation of MMP. Metro publishing print circulation revenue declined modestly; print advertising was 15% lower; while digital subscription revenue increased by 14%. Overall costs increased in the segment with investment in Domain and Digital Ventures and the consolidation of MMP. Metro publishing costs savings continued with a 4% decline year-on-year.

Australian Community Media continues to progress with transformational change. Revenue declined 11.2% with advertising revenue 12.1% lower amidst difficult conditions in regional and agricultural markets. Australian Community Media business costs declined 8.7%. The transformation program is on track to deliver annualised savings of \$60m by the end of FY16.

Directors' Report (continued)

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

Review of operations (continued)

New Zealand business saw advertising revenue down by 9.2% in local currency. Weak retail and employment advertising were partially offset by real estate and health. Strong Digital revenue growth continues with 43% growth year-on-year. Costs declined 6.7% with publishing costs down while investing in digital product development.

Macquarie Media Limited's result reflects the merger between Fairfax Radio Network and MRN in March 2015. Cost and operational synergies continue. EBITDA for FY16 is expected to be in the range between \$20 million and \$25 million.

Significant changes in the state of affairs

As part of the Group's ongoing capital management strategy, the Group finalised the on market share buy-back of ordinary shares. During the half year, 83.9 million shares were repurchased and cancelled for \$73.9 million. In the current and prior financial year, 121.0 million shares were repurchased and cancelled for \$111.8 million.

There are no significant events subsequent to the reporting date.

Dividends

An interim partly franked dividend of 2.0 cents (2015: 2.0 cents fully franked) has been declared by the Board. Record date for the interim dividend is 3 March 2016 and the dividend will be payable on 18 March 2016.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Directors' Report (continued)

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

Auditor's Independence Declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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



Nick Falloon

Chairman



Gregory Hywood

Chief Executive Officer and Managing Director

Sydney

19 February 2016



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

As lead auditor for the review of Fairfax Media Limited for the half-year ended 27 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fairfax Media Limited and the entities it controlled during the financial period.


Ernst & Young



Douglas Bain
Partner
Sydney
19 February 2016

Consolidated Income Statement

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

		27 December 2015 \$'000	28 December 2014 \$'000
	Note		
Revenue from operations	2(A)	948,814	934,913
Other revenue and income	2(B)	13,587	13,357
Total revenue and income		962,401	948,270
Share of net profits of associates and joint ventures		2,744	733
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	(827,960)	(839,330)
Impairment of intangibles, investments and property, plant and equipment		(34,290)	(19,423)
Depreciation and amortisation	3(B)	(34,688)	(33,654)
Finance costs	3(C)	(11,285)	(13,579)
Net profit from operations before income tax expense		56,922	43,017
Income tax expense		(23,962)	(16,305)
Net profit from operations after income tax expense		32,960	26,712
Net profit is attributable to:			
Non-controlling interest		5,555	416
Owners of the parent		27,405	26,296
		32,960	26,712
Earnings per share (cents per share)			
Basic earnings per share (cents per share)	13	1.2	1.1
Diluted earnings per share (cents per share)	13	1.2	1.1

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

Consolidated Statement of Comprehensive Income

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	27 December 2015 \$'000	28 December 2014 \$'000
Net profit after income tax expense	32,960	26,712
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Changes in fair value of available for sale financial assets	440	(111)
Changes in fair value of cash flow hedges	1,084	2,187
Changes in value of net investment hedges	(1,312)	(769)
Exchange differences on translation of foreign operations	14,992	4,846
Income tax relating to these items	(683)	(2,395)
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plans	(433)	(132)
Income tax relating to these items	82	31
Other comprehensive income for the period, net of tax	14,170	3,657
Total comprehensive income for the period	47,130	30,369
Total comprehensive income is attributable to:		
Non-controlling interest	5,555	416
Owners of the parent	41,575	29,953
	47,130	30,369

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

Consolidated Balance Sheet

Fairfax Media Limited and Controlled Entities
as at 27 December 2015

		27 December 2015	28 June 2015 Restated *
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		159,917	342,830
Trade and other receivables		319,477	314,719
Inventories		27,010	26,333
Assets held for sale		14,522	70,947
Income tax receivable		4,798	3,528
Other financial assets		-	1,384
Total current assets		525,724	759,741
Non-current assets			
Receivables		2,915	822
Investments accounted for using the equity method	7	84,949	95,831
Available for sale investments		3,966	2,276
Intangible assets	8	1,550,430	1,542,366
Property, plant and equipment		327,092	330,189
Derivative assets		19,487	16,902
Deferred tax assets		51,357	60,436
Pension assets		1,058	1,429
Other financial assets		36,839	16,625
Total non-current assets		2,078,093	2,066,876
Total assets		2,603,817	2,826,617
Current liabilities			
Payables		253,680	244,730
Interest bearing liabilities	9	26,132	27,101
Derivative liabilities		3,008	3,912
Liabilities directly associated with held for sale assets		518	187
Provisions		116,676	136,716
Current tax liabilities		6,042	22,039
Total current liabilities		406,056	434,685
Non-current liabilities			
Interest bearing liabilities	9	137,405	255,858
Derivative liabilities		5,424	7,137
Provisions		54,902	51,949
Other non-current liabilities		11,397	11,339
Total non-current liabilities		209,128	326,283
Total liabilities		615,184	760,968
Net assets		1,988,633	2,065,649
Equity			
Contributed equity	11	4,579,802	4,650,798
Reserves		33,998	21,034
Retained losses		(2,746,022)	(2,725,544)
Total parent entity interest		1,867,778	1,946,288
Non-controlling interest		120,855	119,361
Total equity		1,988,633	2,065,649

* Certain numbers shown here do not correspond to the 2015 year end financial statements and reflect adjustments due to the finalisation of purchase price accounting as detailed in Note 6.

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

Consolidated Cash Flow Statement

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	27 December 2015 \$'000	28 December 2014 \$'000
	Note	
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,050,267	1,030,679
Payments to suppliers and employees (inclusive of GST)	(897,465)	(891,327)
Redundancy payments	(34,707)	(21,340)
Interest received	3,932	5,186
Dividends and distributions received	5,155	5,966
Finance costs paid	(12,530)	(12,013)
Net income taxes paid	(34,881)	(17,401)
Net cash inflow from operating activities	79,771	99,750
Cash flows from investing activities		
Payment for purchase of controlled entities, associates and joint ventures (net of cash acquired)	(18,241)	(58,641)
Payment for purchase of businesses, including mastheads	(1,183)	(3,047)
Payment for property, plant and equipment and software	(42,209)	(29,882)
Proceeds from sale of property, plant and equipment	64,041	9,197
Proceeds from sale of investments, net of transaction fees and cash disposed	3,094	7
Loans advanced to other parties	(19,100)	(2,000)
Loans repaid by other parties	1,412	1,266
Net cash outflow from investing activities	(12,186)	(83,100)
Cash flows from financing activities		
Proceeds from borrowings and other financial liabilities	2,106	-
Repayment of borrowings and other financial liabilities	(126,749)	(136,631)
Payment of facility fees	-	(474)
Payment for on market buy-back	(73,912)	-
Payment for shares acquired by share trust	(1,524)	-
Dividends paid to shareholders	12 (47,532)	(47,039)
Dividends paid to non-controlling interests in subsidiaries	(4,045)	(304)
Net cash outflow from financing activities	(251,656)	(184,448)
Net decrease in cash and cash equivalents held	(184,071)	(167,798)
Cash and cash equivalents at beginning of the year	342,830	452,687
Reclassification to held for sale	(250)	-
Effect of exchange rate changes on cash and cash equivalents	1,408	435
Cash and cash equivalents at end of the financial period	159,917	285,324

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

Consolidated Statement of Changes in Equity

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	Reserves											Total equity
	Contributed equity	Asset revaluation reserve	Acquisition reserve	Foreign currency translation reserve	Cashflow hedge reserve	Net investment hedge reserve	Share-based payment reserve	General reserve	Total reserves	Retained losses	Non-controlling interest	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)	119,361	2,065,649
Profit for the period	-	-	-	-	-	-	-	-	-	27,405	5,555	32,960
Other comprehensive income	-	488	-	14,992	(56)	(903)	-	-	14,521	(351)	-	14,170
Total comprehensive income for the period	-	488	-	14,992	(56)	(903)	-	-	14,521	27,054	5,555	47,130
Transactions with owners in their capacity as owners:												
Shares acquired and cancelled as part of on market buy-back	(73,912)	-	-	-	-	-	-	-	-	-	-	(73,912)
Shares acquired by share trust	(1,067)	-	-	-	-	-	-	-	-	-	-	(1,067)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(47,532)	-	(47,532)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,045)	(4,045)
Acquisition of non-controlling interest	-	-	(39)	-	-	-	-	-	(39)	-	(16)	(55)
Release of shares	3,983	-	-	-	-	-	(3,983)	-	(3,983)	-	-	-
Share-based payments, net of tax	-	-	-	-	-	-	2,465	-	2,465	-	-	2,465
Total transactions with owners	(70,996)	-	(39)	-	-	-	(1,518)	-	(1,557)	(47,532)	(4,061)	(124,146)
Balance at 27 December 2015	4,579,802	965	158,297	(110,759)	(2,728)	(18,241)	13,301	(6,837)	33,998	(2,746,022)	120,855	1,988,633

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

Consolidated Statement of Changes in Equity

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	Reserves											Total equity
	Contributed equity	Asset revaluation reserve	Acquisition reserve	Foreign currency translation reserve	Cashflow hedge reserve	Net investment hedge reserve	Share-based payment reserve	General reserve	Total reserves	Retained losses	Non-controlling interest	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	-	-	-	-	-	-	-	-	-	26,296	416	26,712
Other comprehensive income	-	(111)	-	4,846	(439)	(538)	-	-	3,758	(101)	-	3,657
Total comprehensive income for the period	-	(111)	-	4,846	(439)	(538)	-	-	3,758	26,195	416	30,369
Transactions with owners in their capacity as owners:												
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(47,039)	-	(47,039)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(304)	(304)
Share-based payments, net of tax	-	-	-	-	-	-	883	-	883	-	-	883
Total transactions with owners	-	-	-	-	-	-	883	-	883	(47,039)	(304)	(46,460)
Balance at 28 December 2014	4,646,525	642	182,706	(105,302)	(4,618)	(18,632)	12,114	(6,837)	60,073	(2,733,989)	1,969	1,974,578

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

Notes to the Financial Statements

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

1. Summary of significant accounting policies

(A) BASIS OF PREPARATION

This general-purpose financial report for the interim half year reporting period ended 27 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Fairfax Media Limited for the period ended 28 June 2015 and any public announcements made by Fairfax Media Limited and its controlled entities (the Group) during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

This interim financial report is for the 26 weeks from 29 June 2015 to 27 December 2015 (2015: the 26 weeks from 30 June 2014 to 28 December 2014). Reference in this report to 'period' is to the period 29 June 2015 to 27 December 2015 (2015: 30 June 2014 to 28 December 2014), unless otherwise stated. In the current financial year, Fairfax Media Limited will report its half year and annual results on a 26 week and 52 week basis respectively.

The comparative information within the half year report has been restated for the finalisation of purchase price adjustments on the MMP Group and Macquarie Media Limited acquisitions, which remained within the one year fair value adjustment window in accordance with AASB 3 *Business Combinations*. Refer to Note 6 for further details.

(B) NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

None of the accounting standards issued and effective, or accounting standards issued but not yet effective for the interim 27 December 2015 reporting period have a material impact on the Group's financial statements.

(C) ROUNDING OF AMOUNTS

The Group is of a kind referred to in Class Order 98/100, as amended by Class Order 04/667, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	27 December	28 December
	2015	2014
	\$'000	\$'000

2. Revenues

(A) REVENUE FROM OPERATIONS

Total revenue from sale of goods	244,580	248,283
Total revenue from services	704,234	686,630
Total revenue from operations	948,814	934,913

(B) OTHER REVENUE AND INCOME

Interest income	4,315	4,933
Foreign exchange gains	-	3,524
Gains on sale of property, plant and equipment	3,563	1,122
Other	5,709	3,778
Total other revenue and income	13,587	13,357
Total revenue and income	962,401	948,270

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	27 December 2015 \$'000	28 December 2014 \$'000
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3. Expenses

(A) EXPENSES EXCLUDING IMPAIRMENT, DEPRECIATION, AMORTISATION AND

FINANCE COSTS

Staff costs excluding staff redundancy costs	366,262	357,286
Redundancy costs	16,523	50,142
Newsprint and paper	56,570	60,901
Distribution costs	71,464	71,664
Production costs	83,884	73,109
Promotion and advertising costs	50,173	50,665
Rent and outgoings	31,284	29,880
Repairs and maintenance	14,911	14,401
Outsourced services	14,986	15,091
Communication costs	9,655	9,689
Maintenance and other computer costs	20,832	13,357
Fringe benefits tax, travel and entertainment	15,173	14,035
Other	76,243	79,110
Total expenses excluding impairment, depreciation, amortisation and finance costs	827,960	839,330

(B) DEPRECIATION AND AMORTISATION

Depreciation of freehold property	3,097	3,276
Depreciation of plant and equipment	16,681	17,466
Depreciation of leasehold property	2,273	2,132
Amortisation of software	8,357	10,703
Amortisation of customer relationships and tradenames	4,280	77
Total depreciation and amortisation	34,688	33,654

(C) FINANCE COSTS

External parties	10,139	11,375
Finance lease	1,208	2,179
Hedge ineffectiveness	(62)	25
Total finance costs	11,285	13,579

(D) OTHER EXPENSE DISCLOSURES

Operating lease rental expense	24,734	21,320
Defined contribution superannuation expense	25,638	24,427
Share-based payment expense	3,523	1,262

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

	27 December	28 December
	2015	2014
	\$'000	\$'000

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.

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

Impairment of intangibles, investments, and property, plant and equipment - Comprising:

Impairment of intangibles, investments and property, plant and equipment (i)	(34,290)	(19,423)
Income tax benefit	1,808	1,078
Impairment of intangibles, investments, and property, plant and equipment, net of tax	(32,482)	(18,345)

Restructuring and redundancy - Comprising:

Restructuring and redundancy charges	(28,219)	(54,657)
Income tax benefit	8,282	16,346
Restructuring and redundancy, net of tax	(19,937)	(38,311)

Net significant items after income tax	(52,419)	(56,656)
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- (i) Intangible and property, plant and equipment impairments relate to assets no longer in use or assets where the carrying value exceeds its recoverable amount. Investment impairments are where the carrying value has been adjusted to reflect managements fair value estimate of non-listed investments.

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

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 half year ended 27 December 2015 is as follows:

	Segment revenue	Intersegment revenue	Revenue from external customers	Share of profits of associates and joint ventures	Underlying EBIT
	\$'000	\$'000	\$'000	\$'000	\$'000
6 months to 27 December 2015					
Australian Community Media	257,092	-	257,092	1,078	36,734
Metropolitan Media	458,005	-	458,005	359	76,169
New Zealand Media	165,965	-	165,965	(583)	21,659
Radio	68,963	-	68,963	(15)	10,656
Other	8,061	-	8,061	1,905	(18,817)
Total for the Group	958,086	-	958,086	2,744	126,401

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

5. Segment reporting (continued)

(B) RESULTS BY OPERATING SEGMENT (CONTINUED)

	Segment	Intersegment	Revenue	Share of	Underlying
	revenue	revenue	from external	profits of	EBIT
	\$'000	\$'000	customers	joint ventures	\$'000
6 months to 28 December 2014					
Australian Community Media	282,705	(124)	282,581	1,304	44,567
Metropolitan Media	417,575	(80)	417,495	2,914	61,645
New Zealand Media	179,534	-	179,534	(251)	25,849
Radio	53,683	-	53,683	(27)	7,368
Other	10,064	(20)	10,044	(3,207)	(13,686)
Total for the Group	943,561	(224)	943,337	733	125,743

(C) OTHER SEGMENT INFORMATION

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:

	27 December	28 December
	2015	2014
	\$'000	\$'000
Underlying EBIT for continuing operations	126,401	125,743
Interest income	4,315	4,933
Finance costs	(11,285)	(13,579)
Impairment of intangibles, investment and property, plant and equipment	(34,290)	(19,423)
Restructuring and redundancy charges	(28,219)	(54,657)
Reported net profit before tax	56,922	43,017

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.

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

5. Segment reporting (continued)

(C) OTHER SEGMENT INFORMATION (CONTINUED)

A summary of significant items by operating segments is provided for the half years ended 27 December 2015 and 28 December 2014.

	Impairment of intangibles, investments and property, plant and equipment \$'000	Restructuring and redundancy charges \$'000	Total \$'000
6 months to 27 December 2015			
Australian Community Media	9,000	-	9,000
Australian Metro Media	9,450	-	9,450
New Zealand Media	2,586	-	2,586
Radio	-	-	-
Other	13,254	28,219	41,473
Consolidated entity	34,290	28,219	62,509
6 months to 28 December 2014			
Australian Community Media	-	-	-
Australian Metro Media	-	-	-
New Zealand Media	-	-	-
Radio	-	-	-
Other	19,423	54,657	74,080
Consolidated entity	19,423	54,657	74,080

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

6. Business combinations, acquisition and disposal of controlled entities

ACQUISITIONS

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

Entity or business acquired	Principal activity	Date of acquisition	Ownership interest
Bodypass Trading Pty Ltd	Fitness subscription business	31 July 2015	100%
Horeli Pty Ltd	Fitness subscription business	14 September 2015	(i)
Australian Openair Cinemas Pty Limited	Outdoor cinema operator	1 October 2015	100%
Media Development Partners Pty Ltd	Outdoor cinema operator	1 October 2015	100%

(i) The business assets of this entity were acquired.

The fair values of the identifiable assets and liabilities acquired are detailed below.

	Recognised on acquisition \$'000
Value of net assets acquired	
Cash and cash equivalents	449
Receivables	1,270
Property, plant and equipment	122
Intangible assets	1,973
Total assets	3,814
Payables	1,848
Deferred tax liabilities	587
Total liabilities	2,435
Value of identifiable net assets	1,379
Goodwill arising on acquisition	3,573
Total identifiable net assets and goodwill attributable to the Group	4,952
Purchase consideration	
Cash paid	4,952
Total purchase consideration	4,952
Net cash outflow on acquisition	
Net cash acquired with subsidiary	449
Cash paid	(4,952)
Net cash outflow	(4,503)

As a result of the above acquisitions, the consolidated income statement includes revenue and net loss before tax for the period ended 27 December 2015 of \$2.1 million and \$0.8 million respectively. Had the acquisitions occurred at the beginning of the reporting period, the consolidated income statement would have included revenue and net loss before tax of \$2.1 million and \$1.0 million respectively.

Goodwill of \$3.6 million includes the acquired workforces and future growth opportunities.

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

6. Business combinations, acquisition and disposal of controlled entities (continued)

ACQUISITIONS (CONTINUED)

AASB 3 *Business Combinations* allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

The MMP Group and Macquarie Media Limited acquisitions occurred in January 2015 and March 2015 respectively, therefore the acquisition accounting remained provisional as at 28 June 2015. During the half year the purchase price accounting was finalised. As a result, customer relationships of \$42.9m, mastheads of \$3.7m and software of \$0.4m were recognised. Radio licences were reduced by \$3.1m, and deferred tax assets reduced by \$15.6m. The provisional amount of goodwill was correspondingly reduced. Comparative amounts at 28 June 2015 have been revised accordingly.

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

		27 December 2015 \$'000	28 June 2015 \$'000
	Note		
7. Investments accounted for using the equity method			
Shares in associates	(A)	62,461	71,396
Shares in joint ventures	(B)	22,488	24,435
Total investments accounted for using the equity method		84,949	95,831

(A) INTERESTS IN ASSOCIATES

Name of company	Principal activity	Place of incorporation	Ownership interest	
			Dec 2015	Dec 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%	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%
Nabo Community Pty Ltd (iv)	Local community social network	Australia	25.2%	-
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 (v)	Rental of a transmission facility	Australia	-	33.3%
RSVP.com.au Pty Limited (i)	Online dating services	Australia	57.5%	57.8%
Skoolbo Pty Ltd	Online education provider	Singapore	20.0%	20.0%
The Seniors Ad Network Pty Ltd	Digital community for over 60s	Australia	33.3%	30.0%
The Video Network Pty Ltd (vi)	Internet delivered television network	Australia	-	28.6%
Times Newspapers Limited	Newspaper publishing	New Zealand	49.9%	49.9%
XchangeIT Newsagents Pty Ltd	Provider of EDI software	Australia	25.0%	25.0%
XchangeIT Software Pty Ltd	Provider of EDI software	Australia	33.3%	33.3%

- (i) 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 acquired on 4 December 2015.
- (v) This investment was disposed on 30 January 2015.
- (vi) This investment was disposed on 31 July 2015.

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

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

(A) INTERESTS IN ASSOCIATES (CONTINUED)

Share of associates' profits

	27 December 2015 \$'000	28 December 2014 \$'000
Revenue	25,726	49,308
Profit before income tax expense	2,246	3,232
Income tax expense	(241)	(1,058)
Net profit after income tax	2,005	2,174

(B) INTERESTS IN JOINT VENTURES

Name of company	Principal activity	Place of incorporation	Ownership interest	
			Dec 2015	Dec 2014
Adzuna Australia Pty Ltd (vii)	Job advertisements search engine	Australia	49.3%	46.1%
Fermax Distribution Company Pty Ltd	Letterbox distribution of newspapers	Australia	50.0%	50.0%
Future Foresight Group Pty Ltd (viii)	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%
Homepass Pty Ltd (vii) (ix)	Real estate lifecycle platform	Australia	33.8%	-
Kpex Limited (vii) (x)	Digital advertising exchange	New Zealand	25.0%	-
Neighbourly Limited	Private neighbourhood website service	New Zealand	45.0%	22.5%
Pricemaker Ltd (xi)	Online shopping platform	New Zealand	51.4%	50.0%
Stan Entertainment Pty Ltd	Provider of subscription video on demand	Australia	50.0%	50.0%
The Huffington Post Australia Pty Ltd (vii) (xii)	Online news website	Australia	49.0%	-
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%

(vii) This investment is classified as a joint venture, rather than an associate, as all significant decisions require unanimous consent.

(viii) This investment was acquired on 19 May 2015.

(ix) This investment was acquired on 27 November 2015.

(x) This investment was acquired on 2 October 2015.

(xi) 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.

(xii) This investment was acquired on 13 August 2015.

Share of joint ventures' profits

	27 December 2015 \$'000	28 December 2014 \$'000
Revenues	7,249	5,151
Expenses	(6,471)	(6,497)
Profit/(loss) before income tax expense	778	(1,346)
Income tax expense	(39)	(95)
Net profit/(loss) after income tax	739	(1,441)

Notes to the Financial Statements: Operating Assets and Liabilities

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

27 December	28 June
2015	2015
	Restated *
\$'000	\$'000

8. Intangible assets

Mastheads and tradenames	985,211	986,343
Goodwill	335,379	330,804
Radio licences	108,066	112,069
Software	64,733	53,649
Customer relationships	57,041	59,501
Total intangible assets	1,550,430	1,542,366

* Certain numbers shown here do not correspond to the 2015 year end financial statements and reflect adjustments due to the finalisation of purchase price accounting as detailed in Note 6.

The movement in intangibles during the period is due to the acquisitions from business combinations (Note 6), amortisation and exchange differences on translation of foreign operations.

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

		27 December 2015	28 June 2015
	Note	\$'000	\$'000
9. Interest bearing liabilities			
Current interest bearing liabilities - unsecured			
Other loans			
Senior notes	(C)	26,132	25,352
Other	(D)	-	503
Finance lease liability	(D)	-	1,246
Total current interest bearing liabilities		26,132	27,101
Non-current interest bearing liabilities - unsecured			
Bank borrowings	(B)	41,973	165,191
Other loans			
Senior notes	(C)	95,432	90,667
Total non-current interest bearing liabilities		137,405	255,858
NET DEBT			
Cash and cash equivalents		(159,917)	(342,830)
Current interest bearing liabilities		26,132	27,101
Non-current interest bearing liabilities		137,405	255,858
Derivative financial instruments liabilities *		(9,785)	(4,518)
Net cash		(6,165)	(64,389)

* 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 \$6.2 million as at 27 December 2015 (28 June 2015: \$64.4 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 is available to the Group maturing in July 2018 and July 2019. At 27 December 2015, no balance was drawn down (28 June 2015: \$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 Media Limited until March 2017. At 27 December 2015, \$40.8 million was drawn (28 June 2015: \$39.4 million). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

9. Interest bearing liabilities (continued)

(B) BANK BORROWINGS (CONTINUED)

A NZ\$40.0 million revolving cash advance facility is available to the Group until July 2018. At 27 December 2015, no balance was drawn down (28 June 2015: nil). 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 0.1 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 weighted average maturity of this issue is approximately 1.5 years. The issued notes include fixed and floating rate coupon notes, paying a weighted average 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 printing facility in Sydney was partially financed by a finance lease facility and loans. The finance lease liability and loans were repaid on 30 September 2015.

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

10. Fair value measurement

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 27 December 2015 \$'000	Fair value 27 December 2015 \$'000	Carrying value 28 June 2015 \$'000	Fair value 28 June 2015 \$'000
Interest bearing liabilities:				
Bank borrowings	41,973	43,469	165,694	166,885
Senior notes	121,564	121,782	116,019	116,368
Finance lease liability	-	-	1,246	2,454

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 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 7.52% (28 June 2015: 5.57% to 13.29%).

Market values have been used to determine the fair value of listed available for sale investments. The carrying value of all other balances approximate their fair value.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- 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 27 December 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivative assets	-	19,487	-	19,487
Available for sale investments	3,966	-	-	3,966
Assets held for sale				
Freehold land and buildings	-	-	9,811	9,811
Business assets	-	-	4,711	4,711
	3,966	19,487	14,522	37,975
Financial liabilities				
Derivative liabilities	-	8,432	-	8,432
Assets held for sale				
Business assets	-	-	518	518
	-	8,432	518	8,950

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

10. Fair value measurement of financial instruments (continued)

As at 28 June 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivative assets	-	16,902	-	16,902
Available for sale investments	2,276	-	-	2,276
Assets held for sale				
Freehold land and buildings	-	-	68,215	68,215
	2,276	16,902	68,215	87,393
Financial liabilities				
Derivative liabilities	-	11,049	-	11,049
	-	11,049	-	11,049

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

11. Equity

	27 December 2015 \$'000	28 June 2015 \$'000
Ordinary shares		
2,299,475,546 ordinary shares authorised and fully paid (28 June 2015: 2,383,370,791)	4,598,184	4,672,097
Unvested Employee Incentive Shares		
7,080,729 unvested employee incentive shares (28 June 2015: 11,407,603)	(18,382)	(21,299)
Debentures		
281 debentures fully paid (28 June 2015: 281)	*	*
Total contributed equity	4,579,802	4,650,798

* Amount is less than \$1000

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

12. Dividends paid and proposed

	27 December 2015 \$'000	28 December 2014 \$'000
ORDINARY SHARES		
Dividend:		
2016: 2.0 cent - paid 8 September 2015 (partly franked)	47,532	-
2015: 2.0 cent - paid 17 September 2014 (fully franked)	-	47,039
Total dividends paid	47,532	47,039

DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since 27 December 2015, the directors have declared a partly franked interim dividend of 2.0 cents per fully paid ordinary share.

The aggregate amount of the interim dividend to be paid on 18 March 2016 out of the profits at 27 December 2015, but not recognised as a liability at the end of the period is expected to be \$46.0 million.

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

13. Earnings per share

	27 December 2015 ¢ per share	28 December 2014 ¢ per share
Basic earnings per share		
Net profit attributable to owners of the parent	1.2	1.1
Diluted earnings per share		
Net profit attributable to owners of the parent	1.2	1.1
	27 December 2015 \$'000	28 December 2014 \$'000
Earnings reconciliation - basic		
Net profit attributable to owners of the parent	27,405	26,296
Earnings reconciliation - diluted		
Net profit attributable to owners of the parent	27,405	26,296
	27 December 2015 Number '000	28 December 2014 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	2,346,262	2,351,956
Weighted average number of ordinary shares used in calculating diluted EPS	2,373,223	2,373,177

Notes to the Financial Statements: Unrecognised Items

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

14. Commitments and contingencies

There have been no material changes in commitments and contingent liabilities since 28 June 2015.

Notes to the Financial Statements: Unrecognised Items

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

15. Events subsequent to reporting date

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

Notes to the Financial Statements: Other

Fairfax Media Limited and Controlled Entities
for the period ended 27 December 2015

16. Related parties and entities

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

For a list of the controlled entities acquired during the period refer to Note 6.

(C) 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.

	27 December 2015 \$'000	28 June 2015 \$'000
Financial position of parent entity		
Current assets	1,161,562	1,236,650
Total assets	1,881,359	1,956,755
Current liabilities	4,773	13,428
Total liabilities	14,634	23,289
Total equity of parent entity		
Contributed equity	4,579,802	4,650,798
General reserve	(722)	(722)
Acquisition reserve	(10,672)	(10,672)
Share-based payment reserve	13,302	14,819
Retained losses	(2,714,985)	(2,720,757)
Total equity	1,866,725	1,933,466
Result of parent entity		
Profit for the period	53,303	133,966
Other comprehensive income	-	-
Total comprehensive income for the period	53,303	133,966

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity set out on pages 8 to 35 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 27 December 2015 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Nick Falloon

Chairman



Gregory Hywood

Chief Executive Officer and Managing Director

Sydney

19 February 2016



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Independent auditor's report to the members Fairfax Media Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Fairfax Media Limited, which comprises the statement of financial position as at 27 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' responsibility for the half year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fairfax Media Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included by reference in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fairfax Media Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney
19 February 2016