

Appendix 4D and Half Year Financial Report

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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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 2016 annual financial report.

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

Reported (all comparisons to the half year ended 27 December 2015)				
Total revenue	down	4.7%	to	\$913.0m
Net profit from ordinary activities after tax attributable to members	up	205.6%	to	\$83.7m

DIVIDENDS

	Amount per security	Franked amount per security
25 December 2016		
Interim dividend	2.0¢	1.4¢
Record date for determining entitlements to the interim dividend	7 March 2017	
27 December 2015		
Interim dividend	2.0¢	1.0¢
Record date for determining entitlements to the interim dividend	3 March 2016	

NET TANGIBLE ASSETS PER SHARE

	25 December 2016 \$	27 December 2015 \$
Net tangible asset backing per ordinary share	0.12	0.19
Net asset backing per ordinary share	0.46	0.86

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

Trading Performance

	Note	As reported		Significant items (iii)		Trading performance excluding significant items	
		25 Dec 2016 6 months	27 Dec 2015 6 months	25 Dec 2016 6 months	27 Dec 2015 6 months	25 Dec 2016 6 months	27 Dec 2015 6 months
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	(i)	912,977	958,086	10,108	-	902,869	958,086
Associate profits		596	2,744	-	-	596	2,744
Expenses		(774,330)	(862,250)	(15,928)	(62,509)	(758,402)	(799,741)
Operating EBITDA		139,243	98,580	(5,820)	(62,509)	145,063	161,089
Depreciation and amortisation		(18,259)	(34,688)	-	-	(18,259)	(34,688)
EBIT		120,984	63,892	(5,820)	(62,509)	126,804	126,401
Net finance costs	(ii)	(4,608)	(6,970)	-	-	(4,608)	(6,970)
Net profit/(loss) before tax		116,376	56,922	(5,820)	(62,509)	122,196	119,431
Tax (expense)/benefit		(27,209)	(23,962)	4,678	10,090	(31,887)	(34,052)
Net profit/(loss) after tax		89,167	32,960	(1,142)	(52,419)	90,309	85,379
Net profit attributable to non-controlling interest		(5,422)	(5,555)	184	-	(5,606)	(5,555)
Net profit/(loss) attributable to members of the Company		83,745	27,405	(958)	(52,419)	84,703	79,824
Earnings per share (cents)		3.6	1.2			3.7	3.4

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 half year period ended 25 December 2016

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 25 December 2016.

Directors

The Directors of the Company at any time during the period ended 25 December 2016 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

JAMES MILLAR, AM

Non-Executive Director

PATRICK ALLAWAY

Non-Executive Director

LINDA NICHOLLS, AO

Non-Executive Director

JACK COWIN

Non-Executive Director

TODD SAMPSON

Non-Executive Director

GREGORY HYWOOD

Chief Executive Officer and Managing Director

MICHAEL ANDERSON

Non-Executive Director
Resigned 5 August 2016

SANDRA MCPHEE, AM

Non-Executive Director

Review of operations

The key highlights of the trading results of the Company for the period ended 25 December 2016 as compared to the corresponding period are:

- Net profit attributable to members after tax of \$83.7 million.
- Earnings per share of 3.6 cents.
- Revenue of \$913.0 million, down 4.7% from the prior corresponding period.
- EBITDA of \$139.2 million, up from \$98.6 million in the prior corresponding period.
- Significant items totalling \$1.0 million loss after tax relate to the impairment of intangibles and property, plant and equipment (\$0.9 million) and restructuring and redundancy charges (\$11.0 million). Offset by gains on controlled entities and investments (\$10.1 million) and other significant items (\$0.9 million).
- Net debt of \$111.9 million, compared with net debt of \$88.7 million at 26 June 2016.
- Interim dividend of 2.0 cents per share partly franked.

Domain EBITDA of \$57.3m reflected the ongoing investment in the business. Revenue increased 6% with digital growing 15% and print declines of 11%. Continued investment in staff, technology and product saw expenses increase 19%.

Australian Metro Media profitability decreased by 12% for the half with revenue down by 8%. Metro Publishing advertising declined 16% impacted by weakness in retail and motoring categories. Digital subscriptions grew 22% with growth across all publications in particular the Financial Review. Metro Publishing cost reduction continued with a 9% decline year-on-year. Weatherzone and RSVP/Oasis both performed strongly.

Australian Community Media continued to benefit from the transformation program. Revenue declined 10% with advertising revenue down 11% with weakness in classifieds offset by 4% growth in agriculture-related advertising. Australian Community Media costs declined 12% underpinning the EBITDA margin improvement.

Directors' Report (continued)

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

Review of operations (continued)

New Zealand saw revenue down by 9% in local currency, with weakness in print advertising partially offset by strong digital revenue growth of 21% and events revenue growth. Cost management continued, with an 8% reduction in operating costs, notwithstanding continued investment in digital product development.

Macquarie Media Limited's reflected revenue growth of 1% in line with broader radio market trends. Cost and operational synergies underpinned an improvement in EBITDA margin from 17% to 19%.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the period were as follows:

- On 7 September 2016, the Group entered into a merger implementation agreement to merge its Fairfax New Zealand Limited with NZME Limited. This is subject to fulfilment of the conditions under the agreement including approval from the New Zealand Commerce Commission. On completion, Fairfax will receive NZ \$55 million in cash consideration and will hold a 41% shareholding in NZME.
- On 31 October 2016, the Group sold its Tenderlink business to Dun & Bradstreet Australia.

There are no significant events subsequent to the reporting date.

Dividends

An interim partly franked dividend of 2.0 cents (2016: 2.0 cents partly franked) has been declared by the Board. Record date for the interim dividend is 7 March 2017 and the dividend will be payable on 22 March 2017.

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 half year period ended 25 December 2016

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
22 February 2017



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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 25 December 2016, 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
22 February 2017

Consolidated Income Statement

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

		25 December 2016 \$'000	27 December 2015 \$'000
	Note		
Revenue from operations	2(A)	895,484	948,814
Other revenue and income	2(B)	20,385	13,587
Total revenue and income		915,869	962,401
Share of net profits of associates and joint ventures		596	2,744
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	(772,521)	(827,960)
Impairment of intangibles, investments and property, plant and equipment		(1,809)	(34,290)
Depreciation and amortisation	3(B)	(18,259)	(34,688)
Finance costs	3(C)	(7,500)	(11,285)
Net profit from operations before income tax expense		116,376	56,922
Income tax expense		(27,209)	(23,962)
Net profit from operations after income tax expense		89,167	32,960
Net profit is attributable to:			
Non-controlling interest		5,422	5,555
Owners of the parent		83,745	27,405
		89,167	32,960
Earnings per share (cents per share)			
Basic earnings per share (cents per share)	13	3.6	1.2
Diluted earnings per share (cents per share)	13	3.6	1.2

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 half year period ended 25 December 2016

	25 December 2016 \$'000	27 December 2015 \$'000
Net profit after income tax expense	89,167	32,960
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Changes in fair value of available for sale financial assets	969	440
Changes in fair value of cash flow hedges	(1,036)	1,084
Changes in value of net investment hedges	-	(1,312)
Exchange differences on translation of foreign operations	327	14,992
Income tax relating to these items	658	(683)
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit plans	394	(433)
Income tax relating to these items	(118)	82
Other comprehensive income for the period, net of tax	1,194	14,170
Total comprehensive income for the period	90,361	47,130
Total comprehensive income is attributable to:		
Non-controlling interest	5,422	5,555
Owners of the parent	84,939	41,575
	90,361	47,130

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 25 December 2016

		25 December 2016 \$'000	26 June 2016 \$'000
	Note		
Current assets			
Cash and cash equivalents		118,350	81,110
Trade and other receivables		305,590	339,484
Inventories		25,656	29,620
Derivative assets		15,898	-
Assets held for sale		11,435	14,804
Income tax receivable		7,357	4,879
Total current assets		484,286	469,897
Non-current assets			
Receivables		4,951	3,126
Investments accounted for using the equity method	7	66,731	70,977
Available for sale investments		2,855	2,246
Intangible assets	8	771,309	754,282
Property, plant and equipment		163,196	150,335
Derivative assets		-	15,152
Deferred tax assets		108,221	117,854
Pension assets		1,307	892
Other financial assets		81,980	59,387
Total non-current assets		1,200,550	1,174,251
Total assets		1,684,836	1,644,148
Current liabilities			
Payables		219,828	250,774
Interest bearing liabilities	9	96,572	-
Derivative liabilities		2,046	-
Liabilities directly associated with held for sale assets		309	456
Provisions		98,868	111,471
Current tax liabilities		3,579	4,271
Total current liabilities		421,202	366,972
Non-current liabilities			
Interest bearing liabilities	9	147,117	179,312
Derivative liabilities		-	4,015
Provisions		57,454	53,391
Pension liabilities		-	2
Other non-current liabilities		5,064	6,364
Total non-current liabilities		209,635	243,084
Total liabilities		630,837	610,056
Net assets		1,053,999	1,034,092
Equity			
Contributed equity	11	4,600,396	4,597,340
Reserves		27,114	33,744
Retained losses		(3,705,172)	(3,720,198)
Total parent entity interest		922,338	910,886
Non-controlling interest		131,661	123,206
Total equity		1,053,999	1,034,092

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 half year period ended 25 December 2016

	25 December 2016 \$'000	27 December 2015 \$'000
	Note	
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,020,165	1,050,267
Payments to suppliers and employees (inclusive of GST)	(893,147)	(897,465)
Redundancy payments	(20,420)	(34,707)
Interest received	886	3,932
Dividends and distributions received	2,128	5,155
Finance costs paid	(7,219)	(12,530)
Net income taxes paid	(19,940)	(34,881)
Net cash inflow from operating activities	82,453	79,771
Cash flows from investing activities		
Payment for purchase of controlled entities, associates, joint ventures and other investments (net of cash acquired)	(5,900)	(18,241)
Payment for purchase of businesses, including mastheads	(1,150)	(1,183)
Payment for property, plant and equipment and software	(53,407)	(42,209)
Proceeds from sale of property, plant and equipment	10,675	64,041
Proceeds from sale of investments, net of transaction fees and cash disposed	19,717	3,094
Loans advanced to other parties	(20,050)	(19,100)
Loans repaid by other parties	-	1,412
Net cash outflow from investing activities	(50,115)	(12,186)
Cash flows from financing activities		
Proceeds from borrowings and other financial liabilities	64,776	2,106
Repayment of borrowings and other financial liabilities	(4,711)	(126,749)
Payment for on market buy-back	-	(73,912)
Payment for shares acquired by share trust	(1,707)	(1,524)
Dividends paid to shareholders	12 (45,990)	(47,532)
Dividends paid to non-controlling interests in subsidiaries	(7,600)	(4,045)
Net cash outflow from financing activities	4,768	(251,656)
Net decrease in cash and cash equivalents held	37,106	(184,071)
Cash and cash equivalents as at 26 June 2016 (2016: 28 June 2015)	81,110	342,830
Reclassification to held for sale	(62)	(250)
Effect of exchange rate changes on cash and cash equivalents	196	1,408
Cash and cash equivalents at end of the financial period	118,350	159,917

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 half year period ended 25 December 2016

	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 26 June 2016	4,597,340	(34)	157,829	(106,923)	(1,687)	(18,072)	9,468	(6,837)	33,744	(3,720,198)	123,206	1,034,092
Profit for the period	-	-	-	-	-	-	-	-	-	83,745	5,422	89,167
Other comprehensive income	-	677	-	327	(86)	-	-	-	918	276	-	1,194
Total comprehensive income for the period	-	677	-	327	(86)	-	-	-	918	84,021	5,422	90,361
Transactions with owners in their capacity as owners:												
Shares acquired by share trust	(1,192)	-	-	-	-	-	-	-	-	-	-	(1,192)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(45,990)	-	(45,990)
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(7,600)	(7,600)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	-	-	-	6,688	6,688
Recognition of non-controlling interest in subsidiaries	-	-	(3,945)	-	-	-	-	-	(3,945)	-	3,945	-
Release of employee incentive shares	4,248	-	-	-	-	-	(5,056)	-	(5,056)	(23,005)	-	(23,813)
Share-based payments, net of tax	-	-	-	-	-	-	1,453	-	1,453	-	-	1,453
Total transactions with owners	3,056	-	(3,945)	-	-	-	(3,603)	-	(7,548)	(68,995)	3,033	(70,454)
Balance at 25 December 2016	4,600,396	643	153,884	(106,596)	(1,773)	(18,072)	5,865	(6,837)	27,114	(3,705,172)	131,661	1,053,999

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 half year 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 employee incentive 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.

Notes to the Financial Statements

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

1. Summary of significant accounting policies

(A) BASIS OF PREPARATION

This general-purpose financial report for the interim half year reporting period ended 25 December 2016 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 and its controlled entities (the Group) for the period ended 26 June 2016 and any public announcements made by Fairfax Media Limited 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 27 June 2016 to 25 December 2016 (2016: the 26 weeks from 29 June 2015 to 27 December 2015). Reference in this report to 'period' is to the period 27 June 2016 to 25 December 2016 (2016: 29 June 2015 to 27 December 2015), 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.

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

Certain new accounting standards and interpretations have been published that are not yet effective for the interim 25 December 2016 reporting period. The Group has elected not to early adopt these new standards or amendments in the financial report. The Group is currently assessing the impact the following accounting standards and amendments to accounting standards will have on the financial report, when applied in future periods. They include:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

(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 half year period ended 25 December 2016

	25 December 2016 \$'000	27 December 2015 \$'000
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2. Revenues

(A) REVENUE FROM OPERATIONS

Total revenue from sale of goods	230,477	244,580
Total revenue from services	665,007	704,234
Total revenue from operations	895,484	948,814

(B) OTHER REVENUE AND INCOME

Interest income	2,892	4,315
Gains on sale of property, plant and equipment	228	3,563
Gains on sale of investments and controlled entities	7,364	-
Gain on investment at fair value	2,744	-
Other	7,157	5,709
Total other revenue and income	20,385	13,587
Total revenue and income	915,869	962,401

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

	25 December 2016 \$'000	27 December 2015 \$'000
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3. Expenses

(A) EXPENSES EXCLUDING IMPAIRMENT, DEPRECIATION, AMORTISATION AND

FINANCE COSTS

Staff costs excluding staff redundancy costs	339,601	366,262
Redundancy costs	9,827	16,523
Newsprint and paper	49,319	56,570
Distribution costs	66,357	71,464
Production costs	79,711	83,884
Promotion and advertising costs	54,472	50,173
Rent and outgoings	31,841	31,284
Repairs and maintenance	12,092	14,911
Outsourced services	12,953	14,986
Communication costs	8,224	9,655
Maintenance and other computer costs	22,194	20,832
Fringe benefits tax, travel and entertainment	14,037	15,173
Other	71,893	76,243
Total expenses excluding impairment, depreciation, amortisation and finance costs	772,521	827,960

(B) DEPRECIATION AND AMORTISATION

Depreciation of freehold property	1,041	3,097
Depreciation of plant and equipment	6,964	16,681
Depreciation of leasehold property	875	2,273
Amortisation of software	6,959	8,357
Amortisation of customer relationships and tradenames	2,420	4,280
Total depreciation and amortisation	18,259	34,688

(C) FINANCE COSTS

External parties	7,333	10,139
Finance lease	-	1,208
Hedge ineffectiveness	167	(62)
Total finance costs	7,500	11,285

(D) OTHER EXPENSE DISCLOSURES

Operating lease rental expense	26,467	24,734
Defined contribution superannuation expense	24,444	25,638
Share-based payment expense	2,076	3,523

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

	25 December	27 December
	2016	2015
	\$'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)	(1,308)	(34,290)
Income tax benefit	383	1,808
Impairment of intangibles, investments, and property, plant and equipment, net of tax	(925)	(32,482)

Restructuring and redundancy - Comprising:

Restructuring and redundancy charges	(15,561)	(28,219)
Income tax benefit	4,577	8,282
Restructuring and redundancy, net of tax	(10,984)	(19,937)

Gains on controlled entities and investments - Comprising:

Gain on sale of controlled entities and investments disclosed in other revenue and income	7,364	-
Gain on investment at fair value disclosed in other revenue and income	2,744	-
Income tax expense	-	-
Gains on controlled entities and investments, net of tax	10,108	-

Other significant items - Comprising:

Other significant items (ii)	941	-
Income tax expense	(282)	-
Other, net of tax	659	-

Net significant items after income tax	(1,142)	(52,419)
---	----------------	-----------------

- (i) Intangible asset 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 management's fair value estimate of non-listed investments.
- (ii) Other significant items consists of retrospective ACMA licence fee reduction for the year ended 26 June 2016 for the Macquarie Media Group.

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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
Domain Group	Real estate media and services business - providing residential, commercial and rural property marketing solutions and search tools, plus information for buyers, investors, sellers, renters and agents Australia-wide.
Metropolitan Media	Metropolitan news, sport, lifestyle and business media across various platforms including print, online, tablet and mobile. Also includes classifieds for metropolitan publications, digitally focused assets and transactional businesses.
Australian Community Media	Newspaper publishing and online for all Australian regional, community and agricultural media.
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 25 December 2016 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 25 December 2016					
Domain Group	162,890	-	162,890	(472)	49,950
Metropolitan Media	279,058	-	279,058	692	24,188
Australian Community Media	225,660	-	225,660	775	39,835
New Zealand Media	159,228	-	159,228	63	21,315
Radio	69,639	-	69,639	78	11,701
Other	6,394	-	6,394	(540)	(20,185)
Total for the Group	902,869	-	902,869	596	126,804

Notes to the Financial Statements: Key Numbers

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

5. Segment reporting (continued)

(B) RESULTS BY OPERATING SEGMENT (CONTINUED)

	Segment revenue \$'000	Intersegment revenue \$'000	Revenue from external customers \$'000	Share of profits of associates and joint ventures \$'000	Underlying EBIT \$'000
6 months to 27 December 2015					
Domain Group	153,948	-	153,948	-	59,119
Metropolitan Media	304,057	-	304,057	359	17,050
Australian Community Media	257,092	-	257,092	1,078	36,734
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

(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:

	25 December 2016 \$'000	27 December 2015 \$'000
Underlying EBIT for continuing operations	126,804	126,401
Interest income	2,892	4,315
Finance costs	(7,500)	(11,285)
Impairment of intangibles, investment and property, plant and equipment	(1,308)	(34,290)
Restructuring and redundancy charges	(15,561)	(28,219)
Gains on controlled entities and investments	10,108	-
Other significant items	941	-
Reported net profit before tax	116,376	56,922

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 half year period ended 25 December 2016

5. Segment reporting (continued)

(C) OTHER SEGMENT INFORMATION (CONTINUED)

A summary of significant items by operating segments is provided for the half years ended 25 December 2016 and 27 December 2015.

	Impairment of intangibles, investments and property, plant and equipment \$'000	Restructuring and redundancy charges \$'000	Gains on controlled entities and investments \$'000	Other \$'000	Total \$'000
6 months to 25 December 2016					
Domain Group	-	-	-	-	-
Metropolitan Media	-	-	(6,078)	-	(6,078)
Australian Community Media	-	-	(1,215)	-	(1,215)
New Zealand Media	442	-	(2,744)	-	(2,302)
Radio	866	652	-	(941)	577
Other	-	14,909	(71)	-	14,838
Consolidated entity	1,308	15,561	(10,108)	(941)	5,820
6 months to 27 December 2015					
Domain Group	-	-	-	-	-
Metropolitan Media	9,450	-	-	-	9,450
Australian Community Media	9,000	-	-	-	9,000
New Zealand Media	2,586	-	-	-	2,586
Radio	-	-	-	-	-
Other	13,254	28,219	-	-	41,473
Consolidated entity	34,290	28,219	-	-	62,509

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

6. Business combinations, acquisition and disposal of controlled entities

(A) ACQUISITIONS

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

Entity or business acquired	Principal activity	Date of acquisition	Ownership interest
Thought World Pty Ltd (i)	Utility comparison and connection service	6 July 2016	50%
Neighbourly Limited (ii)	Private neighbourhood website service	1 December 2016	70%

- (i) Following the incorporation for Residential Connections Pty Ltd, the business assets of Thought World Pty Ltd were acquired.
(ii) The Group previously owned 45% of Neighbourly Limited (New Zealand). On 1 December 2016 an additional 25% ownership interest was acquired and the Group gained control of Neighbourly Limited. The initial equity interest was remeasured to fair value resulting in a gain of \$2.7m recognised within Other Revenue and Income in Note 2.

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.

	Recognised on acquisition \$'000
Value of net assets acquired	
Receivables	493
Intangible assets	2,376
Other assets	288
Total assets	3,157
Payables	(792)
Other liabilities	(225)
Total liabilities	(1,017)
Value of identifiable net assets	2,140
Fair value of original equity accounted investment	(7,105)
Non-controlling interest recognised on acquisition	(4,737)
Goodwill arising on acquisition	16,749
Total identifiable net assets and goodwill attributable to the Group	7,047
Purchase consideration	
Cash paid	1,150
Deferred consideration liability	3,947
Shares issued, at fair value	1,950
Total purchase consideration	7,047
Net cash outflow on acquisition	
Net cash acquired with subsidiary	-
Cash paid	(1,150)
Net cash outflow	(1,150)

As a result of the above acquisitions, the consolidated income statement includes revenue and net profit before tax for the period ended 25 December 2016 of \$4.0 million and \$0.4 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 \$5.7 million and \$0.8 million respectively.

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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

(A) ACQUISITIONS (CONTINUED)

Goodwill of \$16.7 million includes the acquired workforces and future growth opportunities.

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.

(B) DISPOSALS

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

Entity or business disposed	Principal activity	Date of disposal	Ownership interest
Fairfax Media Operations Limited	Tender notification service provider	31 October 2016	100%

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

	\$'000
Cash and cash equivalents	1,155
Trade and other receivables	1,321
Intangible assets	16,896
Property, plant and equipment	468
Deferred tax assets	56
Total assets	19,896
Payables	5,066
Provisions	290
Deferred tax liabilities	154
Total liabilities	5,510
Net assets	14,386

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

	Note	25 December 2016 \$'000	26 June 2016 \$'000
Shares in associates	(A)	50,948	49,132
Shares in joint ventures	(B)	15,783	21,845
Total investments accounted for using the equity method		66,731	70,977

(A) INTERESTS IN ASSOCIATES

Name of company	Principal activity	Place of incorporation	Ownership interest	
			Dec 2016	Dec 2015
Australian Associated Press Pty Ltd	News agency business and information service	Australia	47.0%	47.0%
Healthshare Pty Ltd	Information technology tools for healthcare practitioners and consumers	Australia	28.2%	28.2%
Kin Community ANZ Pty Limited (i)	Digital media publisher	Australia	50.0%	-
Nabo Community Pty Ltd	Local community social network	Australia	25.2%	25.2%
Oneflare Pty Ltd (ii)	Home services marketplace	Australia	35.0%	-
RSVP.com.au Pty Limited (iii)	Online dating services	Australia	57.5%	57.5%
Skoolbo Pty Ltd	Online education provider	Singapore	20.0%	20.0%

(i) This investment was acquired on 31 August 2016.

(ii) This investment was acquired on 23 May 2016.

(iii) The Group does not have control of this company as it is not exposed, or has rights, to variable returns from its involvement with the investee and does not have the ability to affect those returns through its power over the investee.

Share of associates' profits

	25 December 2016 \$'000	27 December 2015 \$'000
Revenue	7,416	25,726
Profit before income tax expense	678	2,246
Income tax expense	(182)	(241)
Net profit after income tax	496	2,005

Notes to the Financial Statements: Group Structure

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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

(B) INTERESTS IN JOINT VENTURES

Name of company	Principal activity	Place of incorporation	Ownership interest	
			Dec 2016	Dec 2015
Adzuna Australia Pty Ltd (iv)	Job advertisements search engine	Australia	46.4%	49.3%
Future Foresight Group Pty Ltd	Weather safety and risk information provider	South Africa	50.0%	50.0%
Gippsland Regional Publications Partnership	Newspaper publishing and printing	Australia	50.0%	50.0%
Homepass Pty Ltd (iv)	Real estate agent services application	Australia	33.8%	33.8%
Neighbourly Limited (v)	Private neighbourhood website service	New Zealand	70.0%	45.0%
Stan Entertainment Pty Ltd	Provider of subscription video on demand	Australia	50.0%	50.0%
The Huffington Post Australia Pty Ltd	Online news website	Australia	49.0%	49.0%

(iv) These investments is classified as a joint ventures, rather than an associate, as all significant decisions require unanimous consent.

(v) Control was obtained on 1 December 2016 when the Group acquired an additional 25% ownership interest. The results of the entity have been consolidated from this date.

Share of joint ventures' profits

	25 December 2016 \$'000	27 December 2015 \$'000
Revenues	7,293	7,249
Expenses	(7,570)	(6,471)
(Loss)/profit before income tax expense	(277)	778
Income tax benefit/(expense)	377	(39)
Net profit after income tax	100	739

Notes to the Financial Statements: Operating Assets and Liabilities

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

25 December	26 June
2016	2016
\$'000	\$'000

8. Intangible assets

Mastheads and tradenames	241,581	241,901
Goodwill	325,621	323,758
Radio licences	108,066	108,066
Software	45,590	27,432
Customer relationships	50,451	53,125
Total intangible assets	771,309	754,282

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 half year period ended 25 December 2016

	Note	25 December 2016 \$'000	26 June 2016 \$'000
9. Interest bearing liabilities			
Current interest bearing liabilities - unsecured			
Other loans			
Senior notes	(C)	96,572	-
Total current interest bearing liabilities		96,572	-
Non-current interest bearing liabilities - unsecured			
Bank borrowings	(B)	147,117	86,452
Other loans			
Senior notes	(C)	-	92,860
Total non-current interest bearing liabilities		147,117	179,312
NET DEBT			
Cash and cash equivalents		(118,350)	(81,110)
Current interest bearing liabilities		96,572	-
Non-current interest bearing liabilities		147,117	179,312
Derivative financial instruments assets *		(13,390)	(9,470)
Net debt		111,949	88,732

* 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 debt, taking into account all debt related derivative financial instruments, was \$111.9 million as at 25 December 2016 (26 June 2016: \$88.7 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 25 December 2016, \$90.0m was drawn down (26 June 2016: \$30.0m). 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 2019. At 25 December 2016, \$40.8 million was drawn (26 June 2016: \$40.8 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 half year period ended 25 December 2016

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 25 December 2016, NZ\$15.0 million was drawn down (26 June 2016: \$15.0m). 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 initially comprised maturities ranging from January 2011 to January 2019. The US\$230 million of senior notes were all repaid by January 2016.

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 0.5 years. The issued note includes fixed and floating rate coupons, paying 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.

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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 25 December 2016 \$'000	Fair value 25 December 2016 \$'000	Carrying value 26 June 2016 \$'000	Fair value 26 June 2016 \$'000
Interest bearing liabilities:				
Bank borrowings	147,117	148,206	86,452	87,747
Senior notes	96,572	96,648	92,860	93,000

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 7.46% to 7.52% (26 June 2016: 7.46% to 7.52%).

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) as follows:
 - Freehold land and buildings - determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of active market prices of transactions for properties of similar nature, location and condition.
 - Shares in unlisted entities - determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset based of the investment.

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 25 December 2016

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivative assets	-	15,898	-	15,898
Available for sale investments	2,855	-	-	2,855
Assets held for sale				
Freehold land and buildings	-	-	5,737	5,737
Shares in unlisted entities	-	-	4,255	4,255
	2,855	15,898	9,992	28,745
Financial liabilities				
Derivative liabilities	-	2,046	-	2,046
	-	2,046	-	2,046

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

10. Fair value measurement of financial instruments (continued)

As at 26 June 2016

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Derivative assets	-	15,152	-	15,152
Available for sale investments	2,246	-	-	2,246
Assets held for sale				
Property, plant and equipment	-	-	10,118	10,118
Shares in unlisted entities	-	-	3,763	3,763
	2,246	15,152	13,881	31,279
Financial liabilities				
Derivative liabilities	-	4,015	-	4,015
	-	4,015	-	4,015

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

11. Equity

	25 December 2016 \$'000	26 June 2016 \$'000
Ordinary shares		
2,299,475,546 ordinary shares issued and fully paid (26 June 2016: 2,299,475,546)	4,603,115	4,603,115
Unvested Employee Incentive Shares		
2,362,143 unvested employee incentive shares (26 June 2016: 3,446,917)	(2,719)	(5,775)
Debentures		
281 debentures fully paid (26 June 2016: 281)	*	*
Total contributed equity	4,600,396	4,597,340

* Amount is less than \$1000

Notes to the Financial Statements: Capital Structure and Financial Costs

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

12. Dividends paid and proposed

	25 December 2016 \$'000	27 December 2015 \$'000
ORDINARY SHARES		
Dividend:		
2017: 2.0 cent - paid 6 September 2016 (partly franked)	45,990	-
2016: 2.0 cent - paid 8 September 2015 (partly franked)	-	47,532
Total dividends paid	45,990	47,532

DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since 25 December 2016, 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 22 March 2017 out of the profits, 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 half year period ended 25 December 2016

13. Earnings per share

	25 December 2016 ¢ per share	27 December 2015 ¢ per share
Basic earnings per share		
Net profit attributable to owners of the parent	3.6	1.2
Diluted earnings per share		
Net profit attributable to owners of the parent	3.6	1.2
	25 December 2016 \$'000	27 December 2015 \$'000
Earnings reconciliation - basic		
Net profit attributable to owners of the parent	83,745	27,405
Earnings reconciliation - diluted		
Net profit attributable to owners of the parent	83,745	27,405
	25 December 2016 Number '000	27 December 2015 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	2,299,476	2,346,262
Weighted average number of ordinary shares used in calculating diluted EPS	2,309,355	2,373,223

Notes to the Financial Statements: Unrecognised Items

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

14. Commitments and contingencies

There have been no material changes in commitments and contingent liabilities since 26 June 2016.

Notes to the Financial Statements: Unrecognised Items

Fairfax Media Limited and Controlled Entities
for the half year period ended 25 December 2016

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 half year period ended 25 December 2016

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.

	25 December 2016 \$'000	26 June 2016 \$'000
Financial position of parent entity		
Current assets	373,971	372,480
Total assets	1,093,559	1,092,241
Current liabilities	21,395	13,504
Total liabilities	26,325	18,434
Total equity of parent entity		
Contributed equity	4,600,396	4,597,340
General reserve	(722)	(722)
Acquisition reserve	(10,672)	(10,672)
Share-based payment reserve	5,863	9,468
Retained losses	(3,527,631)	(3,521,607)
Total equity	1,067,234	1,073,807
Result of parent entity		
Profit for the period	(61,689)	(700,119)
Other comprehensive income	-	-
Total comprehensive income for the period	(61,689)	(700,119)

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 25 December 2016 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

22 February 2017



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Independent Auditor's Report to the Members of Fairfax Media Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fairfax Media Limited, which comprises the statement of financial position as at 25 December 2016, 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 25 December 2016 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 25 December 2016 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.

Ernst & Young.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Douglas Bain', with a long horizontal flourish extending to the right.

Douglas Bain
Partner
Sydney
22 February 2017