Appendix 4D and Half Year Financial Report

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

The half year financial report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2010 annual financial report.

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

Total revenue	up	3.1%	to	$1,297.7m
Net profit for the period attributable to members	up	15.8%	to	$172.3m

DIVIDENDS

	Amount per security	Franked amount per security
26 December 2010		
Interim dividend - ordinary securities	1.5¢	1.5¢
Record date for determining entitlements to the interim dividend	7 March 2011	
Semi-annual dividend - SPS	$3.2515	-
27 December 2009		
Interim dividend - ordinary securities	1.1¢	-
Record date for determining entitlements to the interim dividend	5 March 2010	
Semi-annual dividend - SPS	$2.2946	-

NET TANGIBLE ASSETS PER SHARE

	26 December 2010 $	27 December 2009 $
Net tangible asset backing per ordinary share	**(0.22)**	(0.31)
Net asset backing per ordinary share	**2.25**	2.19

Results for Announcement to the Market

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

TRADING PERFORMANCE

	Note	26 December 2010 $'000	27 December 2009 $'000
Total revenue	(i)	**1,297,653**	1,258,893
Associate profits	(ii)	**1,377**	653
Expenses		**951,984**	936,095
Operating EBITDA		**347,046**	323,451
Depreciation and amortisation		**56,287**	55,133
EBIT		**290,759**	268,318
Net interest expense	(iii)	**51,864**	63,176
Net profit before tax		**238,895**	205,142
Tax expense		**65,956**	55,976
Net profit after tax		**172,939**	149,166
Net profit attributable to non-controlling interest		**599**	357
Net profit attributable to members of the Company		**172,340**	148,809
SPS Dividend (net of tax)		**6,943**	5,296
Net profit after tax and SPS dividend		**165,397**	143,513
Basic earnings per share		**7.03**	6.10

Notes:

(i) Revenue from ordinary activities excluding interest income

(ii) Share of net profits of associates and joint ventures

(iii) Interest income less finance costs

Directors' Report

Fairfax Media Limited and Controlled Entities

The Board of Directors presents its report on the consolidated entity of Fairfax Media Limited (the Company) and the entities it controlled at the end of, or during, the period ended 26 December 2010.

Directors

The directors of the Company at any time during the period ended 26 December 2010 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

MR ROGER CORBETT, AO
Non-Executive Chair

MR MICHAEL ANDERSON
Non-Executive Director
Appointed by the Board on 2 September 2010.

MR JOHN B FAIRFAX, AO
Non-Executive Director
Retired from the Board on 11 November 2010.

MR NICHOLAS FAIRFAX
Non-Executive Director

MR GREGORY HYWOOD
Chief Executive Officer and Managing Director
Appointed to the Board as Non-Executive Director effective 4 October 2010.
Appointed as Acting Chief Executive Officer on 6 December 2010.
Appointed as Chief Executive Officer on 7 February 2011.

MR BRIAN McCARTHY
Chief Executive Officer and Managing Director
Resigned from the Board and as CEO on 6 December 2010.

MS SANDRA MCPHEE
Non-Executive Director

MR SAM MORGAN
Non-Executive Director

MS LINDA NICHOLLS, AO
Non-Executive Director

MR ROBERT SAVAGE, AM
Non-Executive Director

MR PETER YOUNG, AM
Non-Executive Director

Review of operations

The key highlights of the trading results of the Company for the period ended 26 December 2010 as compared to the corresponding period are:

- Profit after tax of $172.3 million, an increase of 16% compared to the previous corresponding period.
- Revenue increased 3% to $1.3 billion.
- EBITDA increased 7% to $347.0 million.
- Earnings per share of 7.03 cents, up 15%.
- Cash inflow from operations increased to $234.2 million.
- Net debt reduced by $153.0 million to $1.28 billion.
- Interim dividend increased 36% to 1.5 cents per share, fully franked.

Advertising market conditions varied between market segments. Real estate and national advertising revenues were strong. Retail and employment revenues were relatively weak.

Fairfax Digital and Trade Me experienced solid revenue and profit growth through the half. Australian Regional Media was a strong performer. Metropolitan Media benefited from stronger real estate markets. While retail advertising weakened during the latter part of the half appropriate cost control resulted in double digit profit growth.

Directors' Report (continued)

Fairfax Media Limited and Controlled Entities

Review of operations (continued)

New Zealand Media continues to perform despite a weaker economy. In New Zealand currency, the business increased both revenues and earnings by 1% and 10% respectively. The Trade Me business (in NZ$) continued its impressive record posting revenue growth of 11% and earnings growth of 8% for the half.

In the Specialist Media segment Agricultural Publishing recorded solid increases in both revenue and earnings, as agricultural markets in Australia and the USA experienced increased activity levels. The Financial Review Group increased revenues by 4%, with stronger advertising revenues being partially offset by a fall in circulation revenue. However cost increases brought about by additional investment in new product initiatives and promotion expense resulted in a fall in earnings in the half.

Broadcasting recorded solid revenue growth as radio advertising markets rebounded. Cost increases associated with promotion activity and property relocation resulted in a slightly lower profit performance.

Dividends

An interim franked dividend of 1.5 cents (2010: 1.1 cents unfranked) has been declared by the Board. Record date for the interim ordinary dividend is 7 March 2011 and the dividend will be payable on 21 March 2011.

Rounding of amounts

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

Auditor's Independence Declaration

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

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

Roger Corbett, AO
Chairman

Gregory Hywood
Chief Executive Officer and Managing Director

Sydney
24 February 2011

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

In relation to our review of the financial report of Fairfax Media Limited for the half-year ended 26 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Christopher George
Partner
24 February 2011

Consolidated Income Statement

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

	Note	26 December 2010 $'000	27 December 2009 $'000
Revenue from operations	2(A)	**1,297,491**	1,255,289
Other revenue and income	2(B)	**6,190**	6,352
Total revenue and income		**1,303,681**	1,261,641
Share of net profits of associates and joint ventures		**1,377**	653
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	**(951,134)**	(931,726)
Property, plant and equipment, intangible and investment impairment		**(850)**	(4,369)
Depreciation and amortisation	3(B)	**(56,287)**	(55,133)
Finance costs	3(C)	**(57,892)**	(65,924)
Net profit from operations before income tax expense		**238,895**	205,142
Income tax expense		**(65,956)**	(55,976)
Net profit from operations after income tax expense		**172,939**	149,166
Net profit is attributable to:			
Non-controlling interest		**599**	357
Owners of the parent		**172,340**	148,809
		172,939	149,166
Earnings per share (cents per share)			
Basic earnings per share (cents per share)	12	**7.03**	6.10
Diluted earnings per share (cents per share)	12	**6.70**	5.86

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 26 December 2010

	26 December 2010 $'000	27 December 2009 $'000
Net profit from operations after income tax expense	**172,939**	149,166
Other comprehensive income		
Changes in fair value of available for sale financial assets	**(944)**	2,099
Actuarial gain/(loss) on defined benefit plans	**2,260**	2,117
Changes in fair value of cash flow hedges	**(2,481)**	5,013
Changes in value of net investment hedges	**21,938**	487
Exchange differences on translation of foreign operations	**(147,442)**	(5,748)
Income tax on items of other comprehensive income	**(6,083)**	(2,441)
Other comprehensive income for the period, net of tax	**(132,752)**	1,527
Total comprehensive income for the period	**40,187**	150,693
Total comprehensive income is attributable to:		
Non-controlling interest	**599**	357
Owners of the parent	**39,588**	150,336
	40,187	150,693

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 26 December 2010

	Note	26 December 2010 $'000	27 June 2010 $'000
CURRENT ASSETS			
Cash and cash equivalents		**207,595**	117,872
Trade and other receivables		**374,174**	390,375
Inventories		**40,327**	38,043
Assets held for sale		**5,073**	5,257
Held to maturity investments		**-**	11,591
Other financial assets		**5,259**	-
Total current assets		**632,428**	563,138
NON-CURRENT ASSETS			
Receivables		**2,747**	3,020
Investments accounted for using the equity method	5	**32,797**	43,585
Available for sale investments		**3,294**	4,239
Intangible assets	6	**5,812,801**	5,942,781
Property, plant and equipment		**748,073**	778,621
Derivative assets		**35,659**	44,352
Deferred tax assets		**-**	11,774
Pension assets		**212**	-
Other financial assets		**14,834**	2,575
Total non-current assets		**6,650,417**	6,830,947
Total assets		**7,282,845**	7,394,085
CURRENT LIABILITIES			
Payables		**254,538**	276,580
Interest bearing liabilities	7	**243,007**	269,672
Derivative liabilities		**21,235**	12,567
Provisions		**109,740**	109,948
Current tax liabilities		**48,552**	54,849
Total current liabilities		**677,072**	723,616
NON-CURRENT LIABILITIES			
Interest bearing liabilities	7	**1,074,144**	1,208,789
Derivative liabilities		**165,181**	85,093
Deferred tax liabilities		**16,238**	16,374
Provisions		**48,056**	48,006
Pension liabilities		**2,715**	4,800
Other non-current liabilities		**525**	669
Total non-current liabilities		**1,306,859**	1,363,731
Total liabilities		**1,983,931**	2,087,347
NET ASSETS		**5,298,914**	5,306,738
EQUITY			
Contributed equity	8	**4,939,411**	4,942,677
Reserves		**(266,272)**	(127,128)
Retained profits		**616,007**	481,978
Total parent entity interest		**5,289,146**	5,297,527
Non-controlling interest		**9,768**	9,211
TOTAL EQUITY		**5,298,914**	5,306,738

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 26 December 2010

	Note	26 December 2010 $'000	27 December 2009 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**1,442,730**	1,353,339
Payments to suppliers and employees (inclusive of GST)		**(1,095,117)**	(1,077,834)
Interest received		**5,159**	2,798
Dividends and distributions received		**1,083**	1,112
Finance costs paid		**(58,452)**	(57,475)
Net income taxes refunded/(paid)		**(61,217)**	3,831
Net cash inflow from operating activities		**234,186**	225,771
Cash flows from investing activities			
Payment for earn outs and purchase of controlled entities, associates and joint ventures (net of cash acquired)		**(5,749)**	(6,656)
Payment for purchase of businesses, including mastheads		**(5,433)**	-
Payment for property, plant and equipment and software		**(29,012)**	(56,306)
Proceeds from sale of property, plant and equipment		**3,408**	989
Proceeds from sale of investments and other assets		**1,784**	2,620
Loans advanced to other parties		**(20,820)**	-
Loans repaid by other parties		**800**	15,000
Payment for convertible notes		**-**	(1,200)
Repayment of convertible notes		**100**	-
Net cash outflow from investing activities		**(54,922)**	(45,553)
Cash flows from financing activities			
Share issue costs		**-**	(46)
Payment for shares acquired by employee share trust		**(4,666)**	-
Proceeds from borrowings and other financial liabilities		**11,743**	773
Repayment of borrowings and other financial liabilities		**(47,951)**	(123,041)
Dividends and distributions paid to shareholders including SPS	4	**(42,877)**	(7,021)
Dividends paid to non-controlling interests in subsidiaries		**(864)**	(204)
Net cash outflow from financing activities		**(84,615)**	(129,539)
Net increase in cash and cash equivalents held		**94,649**	50,679
Cash and cash equivalents at beginning of the year		**117,872**	69,124
Effect of exchange rate changes on cash and cash equivalents		**(4,926)**	(931)
Cash and cash equivalents at end of the financial period		**207,595**	118,872

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 26 December 2010

		Reserves									
	Contributed equity $'000	Asset revaluation reserve $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Cashflow hedge reserve $'000	Net investment hedge reserve $'000	Share-based payment reserve $'000	Total reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 28 June 2010	4,942,677	1,833	-	(140,969)	10,946	(4,037)	5,099	(127,128)	481,978	9,211	5,306,738
Profit for the period	-	-	-	-	-	-	-	-	172,340	599	172,939
Other comprehensive income	-	(661)	-	(147,292)	(1,737)	15,356	-	(134,334)	1,582	-	(132,752)
Total comprehensive income for the period	-	(661)	-	(147,292)	(1,737)	15,356	-	(134,334)	173,922	599	40,187
Transactions with owners in their capacity as owners:											
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(42,877)	-	(42,877)
Tax effect of SPS dividend	-	-	-	-	-	-	-	-	2,984	-	2,984
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	(892)	(892)
Acquisition of controlled entities not wholly owned	-	-	-	-	-	-	-	-	-	1,011	1,011
Acquisition of non-controlling interest	-	-	(5,900)	-	-	-	-	(5,900)	-	(161)	(6,061)
Shares acquired under employee incentive scheme	(4,666)	-	-	-	-	-	-	-	-	-	(4,666)
Tax benefit recognised directly in equity	1,400	-	-	-	-	-	-	-	-	-	1,400
Share based payments, net of tax	-	-	-	-	-	-	1,090	1,090	-	-	1,090
Balance at 26 December 2010	4,939,411	1,172	(5,900)	(288,261)	9,209	11,319	6,189	(266,272)	616,007	9,768	5,298,914

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 26 December 2010

		Reserves									
	Contributed equity $'000	Asset revaluation reserve $'000	Acquisition reserve $'000	Foreign currency translation reserve $'000	Cashflow hedge reserve $'000	Net investment hedge reserve $'000	Share-based payment reserve $'000	Total reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 29 June 2009	4,928,122	32	-	(173,662)	7,286	(1,024)	3,987	(163,381)	237,604	9,445	5,011,790
Profit for the period	-	-	-	-	-	-	-	-	148,809	357	149,166
Other comprehensive income	-	2,099	-	(5,766)	3,436	341	-	110	1,417	-	1,527
Total comprehensive income for the period	-	2,099	-	(5,766)	3,436	341	-	110	150,226	357	150,693
Transactions with owners in their capacity as owners:											
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(7,021)	-	(7,021)
Tax effect of SPS dividend	-	-	-	-	-	-	-	-	2,107	-	2,107
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	(233)	(233)
Transaction costs on share issue	(46)	-	-	-	-	-	-	-	-	-	(46)
Reclassification of tax effect	(1,196)	-	-	-	-	-	1,196	1,196	-	-	-
Share based payments, net of tax	-	-	-	-	-	-	3,331	3,331	-	-	3,331
Balance at 27 December 2009	4,926,880	2,131	-	(179,428)	10,722	(683)	8,514	(158,744)	382,916	9,569	5,160,621

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 26 December 2010

1. Summary of significant accounting policies

(A) BASIS OF PREPARATION

This general purpose financial report for the interim half year reporting period ended 26 December 2010 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 27 June 2010 and any public announcements made by Fairfax Media Limited and its controlled entities (the 'Group') during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

This interim financial report is for the 26 weeks 28 June 2010 to 26 December 2010 (2009: the 26 weeks 29 June 2009 to 27 December 2009). Reference in this report to 'period' is to the period 28 June 2010 to 26 December 2010 (2009: 29 June 2009 to 27 December 2009) unless otherwise stated. Fairfax Media Limited Group reports its half year and annual results on a 26 week and 52 week basis respectively.

As at 26 December 2010, the Group's current liabilities exceed current assets by $44.6 million due to the reclassification of the Medium Term Notes (MTNs) to current interest bearing liabilities. The MTNs have a 27 June 2011 maturity date. The Group has sufficient committed but unused facilities at the balance sheet date to finance its liabilities as and when they fall due, including maturing liabilities as disclosed in Note 7. In the opinion of the Directors, Fairfax Media Limited will be able to continue to pay its debts as and when they fall due. As a result the financial report of the Group has been prepared on a going concern basis.

(B) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the interim financial report, the significant judgements made by the Group in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the annual period ended 27 June 2010, except as otherwise noted.

Impairment of goodwill and intangibles with indefinite useful lives

Each interim reporting period, the Group assesses whether there are any indicators of impairment. In reviewing for such indicators, each of the key assumptions subject to significant accounting judgement, including growth rates, discount rates relevant to individual CGU groups and the growth rates beyond year three cash flows which form the basis of the terminal value, are challenged in light of current circumstances.

Refer to Note 6 for sensitivity analysis performed on the key assumptions.

(C) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

The Group's view on the application of new accounting standards and amendments which are not yet effective for the interim 26 December 2010 reporting period were the same as those in the consolidated financial report as at and for the annual period ended 27 June 2010.

(D) 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.

(E) ACQUISITION RESERVE

The acquisition reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control. The reserve is attributable to the equity of the parent.

2. Revenues

	26 December 2010 $'000	27 December 2009 $'000
(A) REVENUE FROM OPERATIONS		
Total revenue from sale of goods	**250,093**	258,737
Total revenue from services	**1,047,398**	996,552
Total revenue from operations	**1,297,491**	1,255,289
(B) OTHER REVENUE AND INCOME		
Interest income	**6,028**	2,748
Dividend revenue	**6**	9
Gains on sale of property, plant and equipment	**129**	1,196
Other	**27**	2,399
Total other revenue and income	**6,190**	6,352
Total revenue and income	**1,303,681**	1,261,641

Notes to the Financial Statements

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

	26 December 2010 $'000	27 December 2009 $'000
3. Expenses		
(A) EXPENSES BEFORE IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS		
Staff costs excluding staff redundancy costs	**435,087**	423,511
Redundancy and restructuring costs	**2,449**	1,604
Newsprint and paper	**129,753**	129,483
Distribution costs	**69,934**	69,021
Production costs	**99,370**	100,478
Promotion and advertising costs	**63,694**	53,797
Rent and outgoings	**29,010**	28,744
Repairs and maintenance	**14,722**	14,663
Communication costs	**11,181**	11,658
Maintenance and other computer costs	**13,624**	13,125
Fringe benefits tax, travel and entertainment	**13,179**	13,397
Other	**69,131**	72,245
Total expenses before impairment, depreciation, amortisation and finance costs	**951,134**	931,726
(B) DEPRECIATION AND AMORTISATION		
Depreciation of freehold buildings	**2,547**	2,625
Depreciation of plant and equipment	**37,104**	37,258
Amortisation of leasehold property/buildings	**1,771**	1,328
Amortisation of software	**13,617**	13,063
Amortisation of customer relationships	**1,248**	859
Total depreciation and amortisation	**56,287**	55,133
(C) FINANCE COSTS		
External corporations/persons	**55,538**	63,556
Finance lease	**2,354**	2,368
Total finance costs	**57,892**	65,924

	26 December 2010 $'000	27 December 2009 $'000
4. Dividends paid and proposed		
(A) ORDINARY SHARES		
Final dividend:		
2011: 1.4 cents - paid 23 September 2010 (100% franked)	**32,927**	-
2010: Nil	**-**	-
Total dividends paid - ordinary shares	**32,927**	-
(B) STAPLED PREFERENCE SHARES (SPS)		
SPS dividend:		
2011: $3.2515 per share - paid 1 November 2010	**9,950**	-
2010: $2.2946 per share - paid 30 October 2009	**-**	7,021
Total dividends paid - SPS	**9,950**	7,021
Total dividends paid	**42,877**	7,021

(C) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY

Since 26 December 2010, the directors have declared a franked interim dividend of 1.5 cents per fully paid ordinary share. The aggregate amount of the interim dividend to be paid on 21 March 2011 out of the retained profits at 26 December 2010, but not recognised as a liability at the end of the half year is expected to be $35.3 million.

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

	Note	26 December 2010 $'000	27 June 2010 $'000

5. Investments accounted for using the equity method

	Note	26 December 2010 $'000	27 June 2010 $'000
Shares in associates	(A)	**13,668**	14,102
Shares in joint ventures	(B)	**19,129**	29,483
Total investments accounted for using the equity method		**32,797**	43,585

(A) INTERESTS IN ASSOCIATES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest Dec 2010	Ownership interest Dec 2009
Australian Associated Press Pty Ltd	News agency business and information service	Australia	47.0%	47.0%
Autobase Limited	E-commerce: online vehicle dealer automotive website	New Zealand	25.4%	25.4%
Digital Radio Broadcasting Melbourne Pty Ltd	Digital audio broadcasting	Australia	18.0%	18.0%
Digital Radio Broadcasting Perth Pty Ltd	Digital audio broadcasting	Australia	33.4%	33.4%
Digital Radio Broadcasting Brisbane Pty Ltd	Digital audio broadcasting	Australia	25.0%	25.0%
Digital Radio Broadcasting Sydney Pty Ltd	Digital audio broadcasting	Australia	11.3%	11.3%
Earth Hour Pty Limited	Environmental promotion	Australia	33.3%	33.3%
Guardian Print Limited *	Printing Facility	New Zealand	-	25.0%
Homebush Transmitters Pty Ltd	Rental of a transmission facility	Australia	50.0%	50.0%
Newspaper House Limited	Property ownership	New Zealand	45.5%	45.5%
New Zealand Press Association Ltd	News agency business and financial information service	New Zealand	49.2%	49.2%
NGA.net Pty Ltd	Provider of e-recruitment software to corporations	Australia	28.0%	30.0%
Perth FM Facilities Pty Ltd	Rental of a transmission facility	Australia	33.3%	33.3%
Times Newspapers Limited	Newspaper publishing	New Zealand	49.9%	49.9%

* Investment in associate was disposed of on 19 March 2010.

Share of associates' profits

	26 December 2010 $'000	27 December 2009 $'000
(Loss)/profit before income tax expense	**(309)**	28
Income tax benefit/(expense)	**139**	(1)
Net (loss)/profit after income tax	**(170)**	27

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

(B) INTERESTS IN JOINT VENTURES

Name of Company	Principal Activity	Place of Incorporation	Ownership interest Dec 2010	Ownership interest Dec 2009
Advantate Pty Ltd *	E-commerce: online marketing	Australia	-	50.0%
Fermax Distribution Company Pty Ltd	Letterbox distribution of newspapers	Australia	50.0%	50.0%
Gilgandra Newspapers Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%
Gippsland Regional Partnership	Newspaper publishing and printing	Australia	50.0%	50.0%
Online Marketing Group Pty Limited **	E-commerce: online marketing	Australia	-	48.0%
Torch Publishing Company Pty Ltd	Newspaper publishing and printing	Australia	50.0%	50.0%

* Investment in joint venture was disposed of on 13 May 2010.

** Investment in joint venture was increased to a controlling interest of 68.2% on 23 November 2010. As a result, this investment is now part of the consolidated group. Refer to Note 10 for further details.

Share of joint ventures' profits

	26 December 2010 $'000	27 December 2009 $'000
Revenues	**7,211**	9,889
Expenses	**(5,567)**	(9,213)
Profit before income tax expense	**1,644**	676
Income tax expense	**(97)**	(50)
Net profit after income tax	**1,547**	626

6. Intangible assets

	26 December 2010 $'000	27 June 2010 $'000
Mastheads and tradenames	**3,303,233**	3,366,633
Software	**74,621**	85,981
Customer relationships	**10,317**	11,631
Radio licences	**132,217**	132,217
Goodwill	**2,292,413**	2,346,319
Total intangible assets	**5,812,801**	5,942,781

Impairment of goodwill and intangibles with indefinite useful lives

The Group tests annually whether goodwill and intangible assets with indefinite useful lives are impaired. Each interim reporting period, the Group assesses whether there are any indicators of impairment. In reviewing for such indicators, each of the key assumptions subject to significant accounting judgement, including growth rates, discount rates relevant to individual CGU groups and the growth rates beyond year three cash flows which form the basis of the terminal value, are challenged in light of current circumstances.

Holding all other assumptions constant, if the discount rate applied to the cash flow projections was increased by 0.25%, an aggregated impairment of $22.5 million would result in the Metropolitan Media, New Zealand Media and Broadcasting CGUs. If the rate was further increased by 0.5%, an aggregated impairment of $75.2 million would result across the Metropolitan Media, New Zealand Media and Broadcasting CGUs.

Holding all other assumptions constant, if earnings underperformed by 5% of the year 1 target across the Group an impairment of $33.3 million would result in the Metropolitan Media, New Zealand Media and Broadcasting CGUs. If earnings under performed by 10% of the year 1 target across the Group an impairment of $99.2 million would result in the Metropolitan Media, New Zealand Media and Broadcasting CGUs.

The Group does not consider that there are any other reasonably possible changes in any of the key assumptions which would cause the carrying amount of any of the CGU Groups to exceed its recoverable amount.

	Note	26 December 2010 $'000	27 June 2010 $'000

7. Interest bearing liabilities

	Note	26 December 2010 $'000	27 June 2010 $'000
Current interest bearing liabilities - unsecured			
Bank borrowings	(B)	**18,646**	-
Finance lease liability	(D)	**3,710**	3,579
Other loans			
Senior notes	(C)	**49,916**	58,531
Medium term notes	(E)	**167,642**	167,587
Other	(D)	**3,093**	39,975
Total current interest bearing liabilities		**243,007**	269,672
Non-current interest bearing liabilities - unsecured			
Bank borrowings	(B)	**124,734**	145,231
Other loans			
Senior notes	(C)	**466,775**	539,431
Eurobonds	(F)	**456,099**	494,068
Other	(D)	**9,997**	11,634
Finance lease liability	(D)	**16,539**	18,425
Total non-current interest bearing liabilities		**1,074,144**	1,208,789

Net debt for financial covenant purposes

	26 December 2010 $'000	27 June 2010 $'000
Cash and cash equivalents	**(207,595)**	(117,872)
Current interest bearing liabilities	**243,007**	269,672
Non-current interest bearing liabilities	**1,074,144**	1,208,789
Derivative financial instruments liabilities/(assets) *	**172,417**	74,413
Net debt for financial covenant purposes	**1,281,973**	1,435,002

* Debt hedging instruments as 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 for financial covenant purposes, taking into account all debt related derivative financial instruments, was $1,282 million as at 26 December 2010 (27 June 2010: $1,435 million).

The Group uses derivative financial instruments to reduce the Company's exposure to fluctuations in interest rates and foreign currency rates. Due to the high effectiveness between the hedging instrument and underlying exposure being hedged, value changes in the derivatives are generally offset by changes in the fair value or cash flows of the underlying exposure.

The Group is exposed to credit risk on financial instruments and derivatives. For credit purposes, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to

7. Interest bearing liabilities (continued)

(A) FINANCING ARRANGEMENTS (CONTINUED)

any financial institution. Derivative counterparties are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements. At 26 December 2010 counterparty credit risk was limited to financial institutions with issued credit ratings ranging from A+ to AA-.

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

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

(B) BANK BORROWINGS

Current

A NZ$50 million revolving committed cash advance facility is available to the Group until December 2011. At 26 December 2010, NZ$25.0 million was drawn down (27 June 2010: NZ$25.0 million).

Non-current

A $1,103 million syndicated bank facility is available to the Group until periods ranging from April 2012 to April 2014. At 26 December 2010, $125 million was drawn down (27 June 2010: $125 million). The interest rate for drawings under this facility is the applicable bank bill rate plus a credit margin.

(C) SENIOR NOTES

The Group issued Senior Notes in the US private placement market with a principal value of US$230 million (A$249.4 million) in January 2004 with a fixed coupon of between 4.74% p.a. and 5.85% p.a. payable semi-annually in arrears. The interest and principal on the Senior Notes are payable in US dollars and were swapped into floating rate New Zealand dollars and floating rate Australian dollars via cross-currency swaps. This issue of Senior Notes comprises maturities ranging from January 2011 to January 2019. The weighted average maturity of the issue is approximately 5.1 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$267.3 million) in July 2007 comprising maturities ranging from July 2014 to July 2017. The weighted average maturity of this issue is approximately 4.7 years. The issued notes include fixed rate coupon notes, paying a weighted average coupon of 6.9% p.a. semi-annually in arrears, and floating rate coupon notes. The interest and principal on the Senior Notes are payable in US dollars and were swapped into fixed and floating rate Australian dollars via cross-currency swaps. An additional 1.00% p.a. step up margin is payable on the coupons, effective from 10 July 2009.

(D) OTHER LOANS AND FINANCE LEASE LIABILITY

The Chullora printing facility in Sydney is partially financed by a finance lease facility and loans with a maturity date of September 2015. There is a finance lease of $20.2 million (27 June 2010: $22.0 million), which was entered into in February 1996. There is also principal and interest outstanding of $13.1 million (27 June 2010: $15.1 million) in the form of a fixed rate loan with an established drawdown and repayment schedule.

The CPI indexed annuity loan of $36.6 million outstanding at June 2010 was repaid in full on 30 September 2010 in accordance with the early redemption provisions. The finance lease facility and fixed rate loan will continue to maturity in September 2015.

7. Interest bearing liabilities (continued)

(E) MEDIUM TERM NOTES (MTNs)

On 27 June 2006, the Company issued $200 million of MTNs with a maturity date of 27 June 2011. The MTNs were issued at a fixed coupon of 6.865% p.a. In May 2009, the Group repurchased and cancelled $32.3 million of the outstanding MTNs.

(F) EUROBONDS

On 15 June 2007 the Group issued €350 million guaranteed notes with a maturity date of 15 June 2012. The notes pay a fixed coupon of 6.25% p.a. payable annually in arrears. The interest and principal on the notes are payable in Euro and were swapped into fixed rate Australian dollars via cross-currency interest swaps.

8. Contributed equity

	Note	26 December 2010 $'000	27 June 2010 $'000
Ordinary shares			
2,351,955,725 ordinary shares fully paid (27 June 2010: 2,351,955,725)	(A)	**4,667,944**	4,667,944
Unvested Employee Incentive Shares			
11,723,026 unvested employee incentive shares (27 June 2010: 8,411,794)	(B)	**(21,696)**	(18,430)
Stapled Preference Shares (SPS)			
3,000,000 stapled preference shares (27 June 2010: 3,000,000)	(C)	**293,163**	293,163
Debentures			
281 debentures fully paid (27 June 2010: 281)	(D)	*	*
Total contributed equity		**4,939,411**	4,942,677

* Amount is less than $1000

8. Contributed equity (continued)

RECONCILIATIONS

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

	26 December 2010 No. of shares	27 June 2010 No. of shares	26 December 2010 $'000	27 June 2010 $'000
(A) ORDINARY SHARES				
Balance at beginning of the financial year	**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,990
Share issue costs	**-**	-	**-**	(46)
Balance at end of the financial period	**2,351,955,725**	2,351,955,725	**4,667,944**	4,667,944
(B) UNVESTED EMPLOYEE INCENTIVE SHARES				
Balance at beginning of the financial year	**8,411,794**	8,411,794	**(18,430)**	(33,031)
Share acquisition - 10 December 2010	**3,311,232**	-	**(4,666)**	-
Tax expense recognised directly in equity	**-**	-	**1,400**	14,601
Balance at end of the financial period	**11,723,026**	8,411,794	**(21,696)**	(18,430)
(C) STAPLED PREFERENCE SHARES (SPS)				
Balance at beginning of the financial year	**3,000,000**	3,000,000	**293,163**	293,163
Balance at end of the financial period	**3,000,000**	3,000,000	**293,163**	293,163
(D) DEBENTURES				
Balance at beginning of the financial year	**281**	281	*****	*
Balance at end of the financial period	**281**	281	*****	*
Total contributed equity			**4,939,411**	4,942,677

* Amount is less than $1000

9. Commitments and contingencies

On 13 December 2010, the Group announced the acquisition of the business assets of TenderLink.com Limited for a maximum consideration of NZ$21.6 million, subject to certain conditions being met. At 26 December 2010, the acquisition was yet to complete and therefore the maximum consideration represents a contingent liability at the reporting date. Total consideration is comprised of an upfront payment in addition to an amount that is contingent on specified financial performance criteria being achieved in the current financial year.

TenderLink is a tender notification service and provider of electronic tendering solutions using a Software-as-a-Service (SaaS) model. It is recognised as the clear leader in its fields in the Australian and New Zealand markets. TenderLink's service brings purchasers and suppliers together as well as streamlining the management of the tendering process from paper to electronic.

Completion of this acquisition occurred on 31 January 2011. Refer to Note 15.

There have been no other material changes in commitments and contingent liabilities since 27 June 2010.

10. Acquisition and disposal of controlled entities

(A) ACQUISITIONS

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

Entity or business acquired	Principal activity	Date of Acquisition	Ownership Interest
Country Connect Pty Limited	Web design and livestock marketing	20 September 2010	(i)
Naracoorte Herald Pty Limited	Newspaper publishing	1 October 2010	(ii)
South East Coastal Leader Pty Limited	Newspaper publishing	1 October 2010	(iii)
Border Chronicle Pty Limited	Newspaper publishing	1 October 2010	(iv)
Commerce Australia Pty Ltd	Online real estate website	20 October 2010	(v)
Online Marketing Group Pty Limited	E-commerce: Online marketing	23 November 2010	68.2% (vi)
AZXC Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Internet Products Sales & Services Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Ollority Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Internet Marketing Australia Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Aussie Destinations (1) Pty Ltd	E-commerce: Online marketing	23 November 2010	(vii)
Newsagents Direct Distribution Pty Ltd	Distribution	9 December 2010	100%

(i) The business of Country Connect Pty Limited was acquired including the Country Connect trademark and the www.countryconnect.com.au domain name.

(ii) The business of Naracoorte Herald Pty Limited was acquired including the Naracoorte Herald and Naracoorte Herald Extra mastheads.

(iii) The business of South East Coastal Leader Pty Limited was acquired including the South East Coastal Leader and Summer Holiday Guide mastheads.

(iv) The business of Border Chronicle Pty Limited was acquired including the Border Chronicle masthead.

(v) On 14 March 2007, the Group gained control over Commerce Australia Pty Ltd via the acquisition of a 75% interest in this company. On 20 October 2010, the Group acquired the remaining 25% interest in this company resulting in an ownership interest of 100%.

(vi) The Group acquired an additional 20.2% interest in this company during the period, by way of a convertible note settlement. An interest of 48.0% had previously been acquired in October 2008. As a result the company is now controlled by the Group and is no longer accounted for as a joint venture (refer to Note 5).

10. Acquisition and disposal of controlled entities (continued)

(A) ACQUISITIONS (CONTINUED)

(vii) This is a 100% owned subsidiary of Online Marketing Group Pty Limited. Refer (vi) above.

(B) DISPOSALS

The Group disposed of the business assets of Connect 4 during the half year ended 26 December 2010.

11. Business combinations

Acquisitions, none of which were individually significant to the Group, are listed in Note 10(A).

The fair values of the identifiable assets and liabilities acquired were:

	Recognised on acquisition $'000
Value of net assets acquired	
Cash and cash equivalents	412
Receivables	985
Inventories	50
Property, plant and equipment	702
Intangible assets *	18,698
Total assets	20,847
Payables	978
Provisions	191
Total liabilities	1,169
Value of identifiable net assets	19,678
Non-controlling interest in net assets **	(1,011)
Goodwill arising on acquisition	456
Total identifiable net assets and goodwill attributable to the group	19,123
Purchase consideration	
Cash paid	5,533
Fair value of equity interest in joint venture prior to acquisition of controlling interest	11,002
Settlement of convertible notes	2,588
Total purchase consideration	19,123
Net cash outflow on acquisition	
Net cash acquired with subsidiary	412
Cash paid	(5,533)
Net cash outflow	(5,121)

* The fair values of intangible assets acquired have been determined provisionally and based upon the best information available as initial accounting was not complete at the reporting date.

** The value of the non-controlling interest was determined based on the 20.2% interest in the fair value of the identifiable net assets of Online Marketing Group Pty Ltd as at the acquisition date.

Direct costs of $273,000 were incurred in relation to the above acquisitions. These costs are included in other expenses in the income statement.

Notes to the Financial Statements

Fairfax Media Limited and Controlled Entities
for the period ended 26 December 2010

12. Earnings per share

	26 December 2010 ¢ per share	27 December 2009 ¢ per share
Basic earnings per share	**7.03**	6.10
Diluted earnings per share	**6.70**	5.86

	26 December 2010 $'000	27 December 2009 $'000
Earnings reconciliation - basic		
Net profit attributable to members of the Company	**172,340**	148,809
Less Dividends on SPS (net of tax)	**(6,943)**	(5,296)
Basic earnings less SPS dividend	**165,397**	143,513
Earnings reconciliation - diluted		
Net profit attributable to members of the Company	**172,340**	148,809

	26 December 2010 Number '000	27 December 2009 Number '000
Weighted average number of ordinary shares used in calculating basic EPS	**2,351,956**	2,351,956
SPS	**220,134**	188,105
Weighted average number of ordinary shares used in calculating diluted EPS	**2,572,090**	2,540,061

13. 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.

The Group is organised into seven reportable segments based on aggregated operating segments determined by the similarity of products and services provided, economic characteristics and geographical considerations.

Reportable Segment	Products and Services
Australian Regional Media	Newspaper publishing and online for all Australian regional publications
Metropolitan Media	Newspaper and magazine publishing, print and online classifieds for Sydney and Melbourne metropolitan and community publications
Specialist Media	Financial Review Group print and online plus Australian, NZ and USA agricultural publications
New Zealand Media	Newspaper, magazine and general publishing for all New Zealand publications
Printing Operations	Australian and New Zealand printing operations
Online	Online news sites and transactional businesses including Trade Me (New Zealand)
Broadcasting	Metropolitan radio networks, regional radio stations and narrowcast licences
Other	Comprises corporate, Satellite Music Australia and Oxford Scientific Films

Although the broadcasting segment does not meet the quantitative thresholds required by AASB 8, the Group has concluded that disclosure of this segment would be beneficial to users of the financial statements.

(B) RESULTS BY OPERATING SEGMENT

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the half year ended 26 December 2010 is as follows:

	Segment revenue $'000	Intersegment revenue $'000	Revenue from external customers $'000	Underlying EBITDA $'000	Depreciation amortisation $'000	Underlying EBIT $'000
6 months to 26 December 2010						
Australian Regional Media	271,187	(1,137)	**270,050**	82,139	(3,116)	**79,023**
Metropolitan Media	467,390	(654)	**466,736**	60,193	(6,413)	**53,780**
Specialist Media	147,715	(53)	**147,662**	35,417	(2,234)	**33,183**
New Zealand Media	192,782	(516)	**192,266**	40,662	(4,738)	**35,924**
Printing Operations	283,195	(238,679)	**44,516**	56,762	(31,198)	**25,564**
Online	114,320	(108)	**114,212**	58,007	(6,930)	**51,077**
Broadcasting	57,502	-	**57,502**	15,596	(1,299)	**14,297**
Other	6,086	-	**6,086**	(1,730)	(359)	**(2,089)**
Consolidated entity	1,540,177	(241,147)	**1,299,030**	347,046	(56,287)	**290,759**

13. Segment reporting (continued)

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

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBIT. This measurement basis excludes the effects of non-recurring items from the operating segments such as restructuring costs and goodwill, masthead or radio licence impairments when the impairment is the result of an isolated, non-recurring event.

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

Interest income and expenditure are not allocated to segments, as this type of activity is driven by the centralised treasury function, which manages the cash position of the group.

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

	26 December 2010 $'000	27 December 2009 $'000
EBIT	290,759	268,318
Interest income	6,028	2,748
Finance costs	(57,892)	(65,924)
Net profit before tax	238,895	205,142

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.

14. Related party transactions

(A) ULTIMATE PARENT

Fairfax Media Limited is the ultimate parent company.

(B) CONTROLLED ENTITIES

For a list of the controlled entities acquired during the period refer to Note 10.

15. Events subsequent to balance sheet date

The Group successfully completed the acquisition of the business assets of TenderLink.com Limited on 31 January 2011 for maximum consideration of NZ$21.6 million (refer to Note 9). At the time the financial statements were signed, the Group had not yet completed the initial accounting in relation to this acquisition.

On 24 February 2011 the Group announced that the A$300 million in Stapled Preference Shares issued in March 2006 will be fully repurchased by means of a buyback on 29 April 2011. Notice for the repurchase will be mailed to holders in March 2011. Funding for the repurchase of these shares will be sourced from long term undrawn bank facilities.

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity set out on pages 7 to 29 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position as at 26 December 2010 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

Roger Corbett, AO
Chairman

Gregory Hywood
Chief Executive Officer and Managing Director

Sydney
24 February 2011

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To the members of Fairfax Media Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fairfax Media Limited (the company), which comprises the balance sheet as at 26 December 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity but excludes the following sections: Results for Announcement to the Market. The consolidated entity comprises 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 complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that 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 Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 26 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Fairfax Media Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

ERNST & YOUNG

Conclusion

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

a. the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 26 December 2010 and of its performance for the half-year ended on that date; and

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

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

Ernst & Young

Christopher George
Partner
Sydney
24 February 2011