



SYDNEY, 12 February, 2007:

**FAIRFAX MEDIA REPORTS NET PROFIT  
AFTER TAX OF \$142.2 MILLION, UP 18.6%**

**UNDERLYING NPAT OF \$121.4 MILLION (PRE NON-RECURRING ITEMS)  
FOR THE SIX MONTHS TO 31 DECEMBER 2006**

**EBITDA UP 2.9% TO \$270.6 MILLION  
(PRE NON-RECURRING ITEMS)**

**FAIRFAX DIGITAL EARNINGS UP 42%**

**INTERIM DIVIDEND OF 10 CENTS PER SHARE, UP 25%**

**David Kirk, CEO**

“Fairfax Media’s expansion and diversification have delivered steady revenue and earnings growth despite weak economic conditions, particularly in New South Wales and to a lesser extent in New Zealand.

Our initiatives to reshape our publishing business, grow aggressively online and build an integrated digital media company are being achieved.

Major achievements for the half include:

- Acquisition of the Border Mail, with synergy benefits being realised.
- Excellent circulation and readership results at our major mastheads.
- Strong revenue and earnings growth at Fairfax Digital driven by robust organic performance.
- Trade Me performing fully as expected, with a successful launch into jobs.
- Excellent cost management of the publishing businesses with like-for-like cost growth in Australia of 1.1%, and in New Zealand of 0.4%, compared to the previous corresponding period. Permanent real cost reductions over the last 18 months in Australian publishing amount to \$44 million.

The proposed merger with Rural Press will create Australasia’s largest integrated metropolitan, regional and rural print and online business.

The year ahead will be one of implementation and execution. Our focus will be on:

- Completion of the merger with Rural Press and the efficient combination of the two businesses, and the achievement of considerable synergies;

- The move to our new headquarters and the establishment of our integrated newsroom;
- Aggressive growth online;
- Continuation of our structural reshaping of the metropolitan newspapers;
- Continued cultural change at Fairfax Media to reflect the transformation of our business.

I am satisfied with our progress and confident about our future.”

### **Ronald Walker, Chairman**

“We are pleased to report, as promised, solid interim results, with continued record returns to our shareholders.

Fairfax Media is clearly benefiting from our strategic direction and the investments we have made in growth across our publishing businesses, in print and online.

Completion of the proposed merger with Rural Press will greatly strengthen Fairfax Media and its future, reinforcing our position as Australasia’s largest media company.

We have excellent prospects for continued strategic growth to provide further wealth to our shareholders, and enhancement of our role as one of the leading media companies in the world.

I thank our staff for a great result.”

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### **UNDERLYING GROUP RESULTS**

<b>A\$M</b>	<b>31 December 2006</b>	<b>31 December 2005 (AIFRS adjusted)</b>	<b>% change</b>
<b>Revenue</b>	1017.7	977.6	4.1
<b>EBITDA</b>	270.6	262.9	2.9
<b>EBIT</b>	229.2	223.5	2.5
<b>NPAT (post SPS dividend)</b>	121.4	124.8	(2.7)

Excluding the effects of non-recurring items in the current and previous corresponding period, the key highlights of trading performance of the Company for the six months to 31 December 2006, compared to the previous corresponding period:

- Trading revenue increased 4.1% to \$1017.7 million.
- EBITDA grew 2.9% to \$270.6 million.
- Net Profit After Tax eased 2.7% to \$121.4 million (post SPS dividend).

- Earnings per share (including a pro-rata tax affected dividend of \$7.5 million on Stapled Preference Shares at 31 December 2006) decreased 10.3% to 12.1 cents.
- Free cashflow per share continues to exceed reported earnings per share.
- Interim dividend of 10 cents per share, fully franked, up 25%, representing an underlying payout ratio of 83%.

The non-recurring item in the first half was a profit of \$13.2 million on the sale of Fairfax Media's shareholding in carsales.com.au.

Including the non-recurring item, the company's total net profit after tax was \$142.2 million for the half, up 18.6%, with earnings per share of 13.4 cents, up 3.6%, over the previous corresponding period.

A dividend of \$7.5 million has been included in the result relating to the dividend payable to holders of Stapled Preference Securities (SPS) for the period 1 July-31 December 2006.

Record date for the ordinary dividend is 26 February 2007, and payable 21 March 2007. The company continues to offer a Dividend Reinvestment Plan (DRP) to shareholders.

## **KEY AREAS OF ACTIVITY**

### ***AUSTRALIAN PUBLISHING***

Results for the Australian publishing businesses reflected somewhat improved trading conditions in Victoria, but persistent weakness in the NSW economy. Australian publishing had continuing growth in the Magazine, Regional and Business Media operations. Costs were stringently controlled.

For the first half:

- Total revenue grew 2.5% to \$677.4 million.
- Costs increased 4.0%, including acquisitions.
- EBITDA decreased 2.1% to \$156.5 million.

The results include the impact of the acquisition of The Border Mail and The Independent Group in Victoria. Cost growth excluding acquisitions was 1.1% (including the newsprint price increase).

### ***Metropolitan, Regional and Community Newspapers and Magazines***

Metro publishing revenues reflected persistent weak economic conditions in NSW and a slow recovery in Victoria, affecting classified and display advertising revenues and volumes. Newspaper subscription levels increased across all major metropolitan publications. Circulation performance is strong, with growth at both the SMH and The Age. Readership growth has been positive, particularly in the key AB readership demographic.

Fairfax General Magazines performed well, with significant earnings growth in Travel + Leisure, Sunday Life, the(sydney)magazine, and theage(melbourne)magazine.

Fairfax Regional Newspapers overall continued to post solid revenue and profit growth, despite some weakness in the suburban community publications in NSW from a slowdown in real estate markets.

### ***Fairfax Business Media***

FBM continued strong revenue and profit growth. The AFR enjoyed circulation gains across all editions. The business magazines are performing well, and BRW has benefited from its relaunch. The new digital desktop product, AFR Access, is performing steadily after a relaunch in November.

### ***FAIRFAX DIGITAL***

Fairfax Digital's revenue was \$61.2 million, up 43.7%, with a profit at the EBITDA level of \$17.0 million, up 41.7% over the previous corresponding period.

Revenues grew strongly across all news and classified sites. Total traffic across all the Fairfax sites increased to over 6.2 million unique browsers per month, up 47.8% on the previous corresponding period. Fairfax Digital enjoys the leadership positions in online news (smh.com.au and theage.com.au), online dating (RSVP), and holiday rentals (Stayz), and strong positions in the employment, real estate and automotive classified categories. Fairfax Digital continues to invest in improving its competitive position in key markets, such as with the recent acquisition of Essential Baby and the launch of property site in.domain.com.au in Adelaide.

### ***NEW ZEALAND PUBLISHING***

Fairfax Media in New Zealand was affected by weak economic conditions in New Zealand. In NZ dollars:

- Advertising revenue decreased 2.4% to NZ\$213.9 million.
- Costs increased 1.8% (including acquisitions and severance payments).
- EBITDA (including NZ\$2.8 million in severance payments) was down 8.6% to NZ\$90.3 million.

Slowing conditions in the New Zealand economy reduced advertising revenues. Excluding acquisitions, underlying publishing costs were well contained despite strong inflationary pressures on labour costs with a growth of 0.4%. During the period, a redundancy program was implemented. The NZ business has also embarked on a project to upgrade its production systems and bring further efficiencies on a progressive basis over the next 3-4 years.

The New Zealand mastheads had solid circulation and readership performance.

### ***TRADE ME***

For the first half, Trade Me contributed NZ\$23.3 million in EBITDA to the group result. The auction business as well as the specialist classified verticals experienced strong growth. Display advertising also experienced strong growth over and above the growth rate in the underlying market.

During the first half:

- Live to site auction listings passed 800,000 for the first time (in November)

- Gross merchandising sales up 51% in CY2006
- Motor Vehicle listings passed 40,000
- Real Estate listings passed 30,000, up from 11,000 a year earlier.
- Jobs listings are currently 5,200 following the launch of Trade Me Jobs in August.

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