



**FAIRFAX MEDIA REPORTS NET PROFIT AFTER TAX
OF \$187.7 MILLION, UP 39.4%
FOR THE SIX MONTHS TO 30 DECEMBER 2007**

**UNDERLYING NPAT OF \$196.3 MILLION, UP 61.7%
(PRE NON-RECURRING ITEMS AND AFTER SPS DIVIDEND)**

UNDERLYING EARNINGS PER SHARE OF 13.1 CENTS, UP 8.6%

**FAIRFAX DIGITAL EBITDA UP 41.2% AND
TRADE ME EARNINGS (in NZ\$) UP 39.9%**

INTERIM DIVIDEND OF 10.0 CENTS PER SHARE

KEY FINANCIAL RESULTS

Statutory

- Revenue increased 39.5% to \$1,437.7 million.
- EBITDA grew 43.0% to \$406.1 million.
- Net Profit After Tax \$187.7(post SPS), up 39.4%

Underlying Like-for-Like Performance

	2008 (A\$M)	2007 (A\$M)	Growth %	* Adjusted growth %
Revenue	1,398.3	1,325.1	5.5	5.7
Earnings before Interest, tax and depreciation (EBITDA)	409.7	376.9	8.7	10.0
Earnings before interest and tax (EBIT)	357.0	325.2	9.8	11.3

- Underlying Earnings Per Share 13.11 cents, up 8.6%

* *Adjusted % growth takes into consideration the additional weekend of trading which occurred in 2007 as well as other publishing acquisitions and disposals during the current period.*

NOTE: *With the merger of Fairfax Media and Rural Press occurring on the 9 May 2007 and the acquisition of the Southern Cross radio and television production assets not occurring until 9 November 2007, the comparative statutory numbers do not include the results of these two businesses. To provide a more meaningful comparison of the results, the above table provides like-for-like comparison on the merged Fairfax Media and Rural Press businesses. It excludes non-recurring items and the results of Southern Cross and Southern Star but includes the results of Rural Press for the six months ended 31 December 2006.*

David Kirk, CEO

“Our first half results, marked by substantial earnings growth, reflect the benefits of our strategy of growth and diversification, and the initial results we have achieved from the successful integration of our publishing, digital and electronic media assets.

We are committed to delivering on the investments we have made, with a clear focus on EPS growth. We are reporting strong EPS growth, even after a significant increase in the number of shares on issue following the merger with Rural Press. We expect strong EPS growth to continue.

Fairfax Media is growing across all fronts. Digital earnings continue to enjoy explosive growth both in Australia and from Trade Me in New Zealand. Australian publishing is stronger, notwithstanding continuing weakness in the Sydney market. Regional and rural publishing had solid gains in the face of the worst drought in a century. New Zealand publishing has recovered. The AFR and Fairfax Magazines both had good growth.

We are continuing to secure synergies with Rural Press and the new Fairfax Media Radio Group, and these efforts are yielding excellent results.

These overall results reflect the continuing success of our strategy of (1) defending and growing our newspapers, (2) delivering high growth online, and (3) becoming a digital media company for the 21st century.

The first half has been marked by significant achievements across all three strategic priorities:

- The integration with Rural Press has delivered synergies of \$9.5 million and the Company is on target to achieve \$45 million by the end of the next financial year.
- Circulation and readership growth for our major newspaper mastheads is continuing, with gains in market share against key competitors.
- Continuing strong growth in regional and rural publishing.
- Fairfax Business Media, led by the AFR, had substantial revenue growth driven by circulation increases and strong advertising markets. The re-launch of afr.com has been a success.
- The Fairfax Media radio stations are being successfully integrated with personnel restructuring completed and rebranding of the stations and news network implemented. The regional Rural Press radio stations enjoyed strong revenue growth. Back office integration is virtually complete.
- Southern Star has had continuing revenue and earnings growth in program production and distribution.
- Fairfax Digital in Australia continues its leadership position in online news and information with revenue growth in excess of the overall online advertising market, and audience growth of nearly 80% year-on-year. The diversification of Fairfax Digital's businesses, such as the acquisition of InvestSMART, is generating significant new transaction revenues.
- Trade Me in New Zealand continues to exceed revenue and earnings targets with its successful expansion into travel and new car sales.

- Revenue growth across Fairfax Magazines.
- Continuing strong cost management across the group.
- Renewed growth in New Zealand publishing
- Successful completion of our move to One Darling Island and improved editorial processes through the benefits of the Newsroom of Today for Herald Publications.

These are positive and promising times for our staff, our shareholders and our company's future."

Ronald Walker, Chairman

"Our Board is very pleased to report significant earnings growth and excellent returns for our shareholders.

Our commitment is to deliver on the expansion and growth undertaken over the past year, and for all the media assets under our management – new as well as old – to continue to add wealth to our shareholders.

Fairfax Media has emerged as the largest and most diversified media company in Australasia, and Fairfax Media is more competitive and successful than ever before.

Fairfax Media and its shareholders greatly benefit from the efforts of our dynamic people and the commitment of our Board of Directors.

As always, I want to pay tribute to our staff – our greatest asset. Their dedication across all aspects of the business, from wherever they serve us around the globe, makes Fairfax Media one of the most pre-eminent media companies in the world. They are the key to our future, and I thank them for their efforts."

NON-RECURRING ITEMS

As previously foreshadowed, non-recurring items totalling \$8.6 million after tax are included in the results for the current period. These items relate to property costs associated with the relocation from Darling Park to the new facility at One Darling Island, Pyrmont NSW (\$1.5 million after tax) and restructuring and redundancy charges (\$7.1 million after tax).

INTERIM DIVIDEND

An interim dividend of 10.0 cents, 75% franked (2007: 10.0 cents) has been declared by the Board.

Record date for the interim ordinary dividend is 3 March 2008 and the dividend will be payable on 31 March 2008.

As part of the Company's ongoing commitment to shareholders, the Company will offer a Dividend Reinvestment Plan (DRP), with no discount. The pricing period for the DRP will be 5 March to 18 March 2008 inclusive. Shares to be allocated to participants under the DRP will be provided by on-market purchases.

DEBT PROFILE

The Company is in a strong financial position with a strong Balance Sheet and excellent cash flows.

All debt ratios such as Interest to EBITDA and Net Debt to EBITDA have improved and are within investment grade criteria. No refinancing is required to be undertaken until at least mid 2010 and the Company has a diverse source of committed debt facilities.

KEY AREAS OF ACTIVITY

AUSTRALIAN PUBLISHING AND PRINTING

Like for Like

(Takes into consideration the additional weekend of trading which occurred in 2007 as well as other publishing acquisitions and disposals during the current period.)

- Revenue grew 2.3%
- EBITDA increased 5.1%
- EBIT increased 7.4%
- Costs were well under control, increasing only 1.3%

Reported

- Revenue grew 3.0% to \$986.2 million
- EBITDA increased 4.2% to \$268.0 million
- EBIT increased 6.2% to \$225.6 million

Metropolitan publishing revenues were soft with revenues, particularly in NSW, down due to weak economic conditions in the Sydney market. Trading performance was more favourable in Melbourne.

Regional and Community Newspapers had solid growth in Canberra, Newcastle, Illawarra and community newspapers in NSW, across Queensland, and in Victoria, Tasmania and Western Australia.

Fairfax Business Media enjoyed earnings and revenue growth driven by intensified interest in financial news and information, and notwithstanding the effects of the Federal election period.

Fairfax Magazines had revenue growth across its weekly and monthly titles.

Printing operations enjoyed improved operating margins as the benefits of the Rural Press merger are realised.

Regional Radio Broadcasting had good revenue growth and audience reach.

Australian Agricultural publications performed well with both revenues and profits increasing notwithstanding the drought.

FAIRFAX DIGITAL

Fairfax Digital's revenue was \$85.4 million, up 39.5%, with a profit at the EBITDA level of \$24 million, up 41.2% over the previous corresponding period.

Fairfax Digital continues its #1 leadership position in news and information, and had excellent growth – marked by market share gains – across classified and display advertising.

Transaction revenues have emerged as a significant, and accelerating, part of the division's overall growth.

FAIRFAX MEDIA NEW ZEALAND

In NZ dollars:

- Revenue increased 3.9% to NZ\$301.8 million.
- Costs increased 3.2%
- Like-for-like EBITDA up 7.8%, with reported EBITDA up 5.1% to NZ\$94.9 million.

Improving economic conditions led to a recovery in revenues and margins, with continued strength in real estate and a rebound in employment, and display growth in entertainment, travel and retail. The New Zealand mastheads had solid circulation and readership performance.

TRADE ME

For the half year, Trade Me contributed NZ\$32.6 million in EBITDA, up 39.9%. All aspects of the business are performing strongly.

Trade Me remains firmly entrenched as the number 1 auctions, real estate and cars website in the country and has a very strong position in employment.

FAIRFAX RADIO NETWORK, SOUTHERN STAR TELEVISION PRODUCTION AND DISTRIBUTION, AND ASSOCIATED BUSINESSES

Fairfax Media completed its acquisition of the radio, television production and distribution, and associated businesses of Southern Cross Broadcasting on 9 November 2007. From that date through 30 December 2007, those businesses contributed \$41.4 million in revenue, with EBITDA of \$8.7 million.

OUTLOOK

Trading performance to date in the second half has seen a continuation of the trends reported for the first half.

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