SYDNEY, 23 February, 2009:

FAIRFAX MEDIA REPORTS UNDERLYING EBITDA OF $370 MILLION DOWN 11.6% FOR THE SIX MONTHS TO 28 DECEMBER 2008 IN LINE WITH MARKET EXPECTATIONS
(Down 13.1% on a like-for-like constant currency basis)

NET LOSS AFTER TAX (INCLUDING IMPAIRMENT CHARGES AND SIGNIFICANT ITEMS) OF $365.3 MILLION

UNDERLYING NET PROFIT AFTER TAX OF $157.6 MILLION, DOWN 23.0%
(Excluding SPS Dividend)

UNDERLYING EARNINGS PER SHARE OF 9.7 CENTS, DOWN 26.0%

STRONG OPERATING CASH FLOWS OF $205.2 MILLION, DOWN 2.8%

INTERIM DIVIDEND OF 2.0 CENTS PER SHARE

Ronald Walker, Chairman

“We are delivering the very best possible results in an exceptionally difficult economy. The Board remains fully focused on operational performance, prudent management of the balance sheet, and support for management in challenging times. The diversification of our media assets over the past several years has made our company quite unique in our industry and therefore made a significant difference to these results, and will help boost our future performance when conditions improve. Currently the Board and management will focus on extracting the best possible performance from our existing portfolio of assets.”

Brian McCarthy, Chief Executive Officer and Managing Director

“Fairfax Media has today reported a creditable first half trading result in the face of a significant deterioration in economic conditions.

“Our overall trading performance has benefited strongly from the Company’s strategy of diversification covering print, radio and online assets across an expanded geographic base.

“The diversification strategy was designed to deliver greater revenue stability in an economic downturn and this has been successful.

“Fairfax Media has outstanding brands and is better positioned than most other media companies in Australasia to withstand the present economic conditions and benefit from the upturn when it comes.

“Our portfolio of online assets, including Trade Me in New Zealand and the Fairfax Digital sites in Australia, recorded solid ongoing growth and helped to somewhat offset the declines in our Australian and New Zealand publishing and radio businesses.

“We continue to benefit from all the synergy gains from the merger with Rural Press and the acquisition of the Fairfax Radio Network.

“As a company, in each business, we are focused on continuous operational improvement. For now, we have battened down the hatches and we will ride this storm out.

“Our management and staff have produced a creditable trading result under difficult circumstances.”

SIGNIFICANT ITEMS

Significant items / non-cash impairment charges (all pre-tax) comprise:

- Restructuring and redundancy charges of $62.4 million associated with the programs initiated in August 2008.
- Impairment of plant, equipment and software of $1.4 million.
- Impairment of goodwill of $30.1 million on the sale of the Southern Star television production and distribution businesses.
- Following an extensive review by the Board of carrying values based on the present value of future cash flows, a non-cash impairment of the value of mastheads, licenses and goodwill across all publishing and broadcast media properties of $447.5 million.

DIVIDEND

Consistent with the dividend policy announced in December 2008, the interim dividend of 2.0 cents, 75% franked (2007: 10.0 cents) has been declared by the Board. Record date for the interim ordinary dividend is 5 March 2009, and payable on 19 March 2009. Given the reduction in dividend, Directors have resolved to suspend the Dividend Reinvestment Plan for this interim dividend.

UNDERLYING RESULTS
(excluding significant and non-recurring items)

	Revenue			EBITDA		
	H1 FY09 A$'m	H1 FY08 A$'m	**% change**	**H1 FY09 A$'m**	H1 FY08 A$'m	**% change**
Australian Regional & Community Publications	**362.0**	378.5	**(4.4%)**	**102.4**	112.5	**(9.0%)**
Sydney and Melbourne Metropolitan Publications	**388.6**	409.8	**(5.2%)**	**70.0**	91.1	**(23.2%)**
Australian Printing	**50.8**	54.3	**(6.4%)**	**31.1**	36.1	**(13.9%)**
Specialist Publications	**167.8**	168.9	**(0.7%)**	**41.4**	48.1	**(13.9%)**
Online	**135.1**	118.8	**13.7%**	**56.4**	49.8	**13.3%**
New Zealand Publishing	**223.9**	261.7	**(14.5%)**	**58.7**	82.2	**(28.6%)**
Fairfax Radio Network	**58.5**	25.5	**n/m**	**15.0**	7.8	**n/m**
TV Production & Distribution	**59.7**	22.2	**n/m**	**7.5**	2.8	**n/m**
Corporate & Other				**-12.5**	-12.0	
Total	**1,446.4**	1,439.7	**0.5%**	**370.0**	418.4	**(11.6%)**
				Like-for-like constant currency		**(13.1%)**

H1 FY 08 comparative numbers exclude metro radio and television production and distribution for July-October 2007.

KEY AREAS OF ACTIVITY

Online
(comprising Fairfax Digital in Australia and Trade Me in New Zealand)

Fairfax Digital revenues increased over 12% with strong growth in both display, classified and transaction revenue streams. EBITDA increased 14%.

Total traffic across all the Fairfax sites continues to grow strongly and the business maintains its leadership in the important news and information market, and maintains very strong positions in both classifieds and its online transaction businesses.

Trade Me. In local currency, Trade Me contributed NZ$38.2 million in EBITDA to the group result, up 17% on the same period last year.

Trade Me remains firmly the number one website in New Zealand in auctions, real estate and cars. Trade Me Jobs continued to strengthen its number two position in online employment. In January 2009 it served 90% of the domestic web pages of NZ's largest jobs website, up from 68% in January 2008.

Australian Regional and Community Publications
(comprising The Canberra Times and all Australian Regional and Community publications)

The strength and geographic diversity of our Regional and Community publications was very apparent during the half. While Australian regional markets did feel the effects of deteriorating economic conditions, the results reported were very credible with total revenues and EBITDA falling only 4% and 9% respectively. While advertising volume declines were experienced across the majority of the advertising revenue categories, careful yield management offset some of the volume effect.

Sydney and Melbourne Metropolitan Publications
(comprising of Sydney and Melbourne metropolitan newspapers and magazines)

Total revenues were down 5%, with advertising revenues down 9% and circulation revenues virtually flat. The metro results were particularly affected by weak economic conditions in Sydney and a weakening market in Melbourne. Classified employment advertising volumes were down significantly, with sharper falls in Sydney. Display advertising volumes were down slightly in Sydney and up strongly in Melbourne. Costs in our Metropolitan newspapers were flat.

Fairfax Magazines revenues were relatively steady in a difficult market sector.

Specialist Publications
(comprising Fairfax Business Media and Australian, NZ and USA agricultural publications)

Fairfax Business Media had strong circulation revenue gains that helped offset employment and property advertising declines consistent with weaker national economic conditions. Costs increases were experienced as investments in growth areas such as Education and the AFR.com continued.

Agricultural Publishing revenues in Australia were in line with those recorded last year despite continuing difficult trading conditions. The 30 US and NZ agricultural publishing units had modest revenue and earnings declines.

Australian Printing

External printing revenues declined 6% as volume declines were experienced.

Fairfax Media New Zealand

Revenues and earnings were down markedly in an extremely recessionary environment across all markets. In New Zealand dollars, total revenues were down 11% and EBITDA down 26%. Advertising revenues declined 15% with circulation revenues increasing 3%. Total costs were substantially reduced by over 4% during the period.

Fairfax Radio Network
(comprising metropolitan and regional radio networks)

Metropolitan advertising markets, particularly in Sydney, remained weak. Lower revenues were partially offset by a significantly lower cost base, which eased the decline in the unit's EBITDA results.

Southern Star

While revenues declined as a result of production cycles, production costs were well contained, with strong earnings growth for the period.

COMMENT ON MARKET CONDITIONS

Trading conditions in January were weaker and this has continued into February. While we anticipate some improvement in display advertising in March, classified advertising is generally expected to remain weak for at least the remainder of this financial year in both Australia and New Zealand. Our online businesses continue to generate growth, with trading in those sectors relatively steady. Further cost benefits from efficiency initiatives will flow through in the second half, and will provide some buffer to the weak market conditions.

-- ENDS --

Contacts:

Bruce Wolpe
Director Corporate Affairs
+61 2 9282 3640

Frank Sufferini
General Manager Investor Relations
+61 2 9282 3846