2011 INTERIM RESULTS MEDIA RELEASE

SYDNEY, 24 February, 2011:

At the announcement of the Company's interim profit results for the half year Chief Executive and Managing Director Greg Hywood said "Our sympathy goes out to all of our staff at The Press in Christchurch following the devastating events of this week. We are greatly saddened at the loss of a valued member of our staff and the injuries and trauma suffered by others. We extend them and their families our sympathy and will be giving them all the support needed in the hard times ahead.

"I pay tribute to the courage of our staff in assisting evacuation of the building and their dedication in continuing to publish in such a demanding and emotional environment. Our people have comprehensively fulfilled their commitment to keep the people of Christchurch informed during these dark times."

FAIRFAX POSTS $165.4 MILLION PROFIT AFTER TAX INCREASES INTERIM DIVIDEND TO 1.5 CENTS PER SHARE

Fairfax Media today announced an interim profit after tax and Stapled Preference Share dividend of $165.4 million, an increase of 15% on last year and in line with market consensus.

Key highlights of the result included:

- Revenue increased 3% to $1.3 billion
- EBITDA increased 7% to $347.0 million
- Net Profit after tax and SPS dividend increased 15% to $165.4 million
- Earnings per share of 7.0 cents, up 15%
- Cash inflow from trading activities increased to $347.6 million
- Net debt reduced by $153.0 million to $1.28 billion
- Interim dividend increased 36% to 1.5 cents per share, fully franked

Chief Executive and Managing Director Greg Hywood said: "This is a pleasing result for Fairfax Media. It reflects a strong performance focus across our diverse media and digital assets."

"When measured on a constant currency basis, both revenue and EBITDA have increased 4% and 8% respectively."

"Revenues, when adjusted for currency movements, have grown across all business segments. Combined with strict cost disciplines this has generated stronger earnings for the half."

"We can improve our results as the benefits start flowing from the implementation of our new strategic direction. This includes the remodelling of our metropolitan businesses and embedding our leadership in digital media with the launch of products for the web, mobile and tablet markets."

Mr Hywood added: “The media industry faces continuous change. My team’s role is to ensure Fairfax Media remains competitive, effective and profitable in our chosen markets. This Company is the pre-eminent producer of independent, quality journalism in our markets. This expertise will be leveraged across our businesses for the benefit of our audiences, customers and stakeholders.”

“Our digital transaction businesses are leaders in their segments and provide effective platforms for growth.”

“The improved financial performance once again showed the fundamental strengths of the Fairfax business and our focus on sustainable innovation.”

“We are constantly reshaping our range of media assets - increasing revenue, keeping costs well under control and further reducing debt,”

“The Company is in a strong financial position. “We look to the future with confidence,” Mr Hywood said.

Financial Performance

- Total revenue up 3% to $1.3 billion
- Total costs up 2% to $952.0 million
- EBITDA up 7% to $347.0 million
- EBIT up 8% to $290.8 million
- Net interest costs (including the SPS dividend) down 14% to $58.8 million

Debt reduction

The strong cash flow combined with other debt reduction initiatives has reduced net debt by $153.0 million to $1.28 billion.

Based upon forecast cash flows, capital expenditure and the current levels of undrawn committed facilities, the impact of debt maturities in 2011 and 2012 will be fully covered.

Stapled Preference Shares

The Directors have also announced today that the A$300 million in Stapled Preference Shares [Code: FXJPB] issued by the Company 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.

Dividend

An interim dividend of 1.5 cents per share, fully franked was today declared by the Directors. The dividend will be paid on 21 March 2011 to shareholders registered on 7 March 2011.

Segment Results

	Revenue			EBITDA		
	FY11 H1 A$'m	FY10 H1 A$'m	**% change**	**FY11 H1 A$'m**	FY10 H1 A$'m	**% change**
Australian Regional Media	**270.2**	255.9	**5.6%**	**82.3**	74.9	**9.9%**
Metropolitan Media	**466.6**	457.4	**2.0%**	**60.1**	54.3	**10.7%**
Online - Fairfax Digital and Trade Me	**114.2**	101.8	**12.2%**	**58.0**	53.1	**9.2%**
Australian and NZ Printing	**44.5**	43.3	**2.8%**	**56.7**	57.6	**(1.6%)**
New Zealand Media	**192.3**	195.5	**(1.6%)**	**40.7**	38.0	**7.1%**
Specialist Media	**147.6**	142.7	**3.4%**	**35.4**	36.3	**(2.5%)**
Broadcasting	**57.5**	55.4	**3.8%**	**15.6**	15.8	**(1.3%)**
Corporate and Other	**6.2**	7.5	**(17.3%)**	**(1.8)**	(6.6)	**72.7%**
Total	**1,299.1**	1,259.5	**3.1%**	**347.0**	323.4	**7.3%**

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

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.

Fairfax Media recorded a strong first half despite the well reported decline in consumer demand becoming evident over the final six weeks.

This trend in consumer sentiment continued into the new year with a resultant slowing in retail advertising.

While there have been some positive signs in recent weeks the extent of the improvement remains unclear.

Depending on whether slower retail advertising continues through this half our second half revenues could be in the range of plus or minus 5 percent on last year.

CEO Metropolitan Media Appointment

Today the Company also announced the appointment of Mr Jack Matthews to the role of CEO Metropolitan Media, reporting to Mr Hywood.

In making the announcement Mr Hywood said “Jack has vast experience in digital media having presided over Australia’s two leading online news sites smh.com.au and theage.com.au. He brings to the role a strong commitment to independent journalism. His commercial skills will place us at the forefront of innovative developments in the publishing industry.”

“I am delighted to have Jack’s digital expertise and depth of media knowledge and I am looking forward to his ongoing contribution to the growth and development of the Company.”

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