SYDNEY, 22 February, 2010:

FAIRFAX MEDIA LIMITED BENEFITING FROM MODEST RECOVERY IN ADVERTISING MARKETS

Fairfax Media Limited today announced its results for the six months ended 27 December 2009. Key highlights of the results are:

- Net profit after tax and SPS financing costs was $143.5 million, compared to a loss of $375.6 million for the corresponding period last year. There were no significant items during the half compared to impairment and significant items of $522.9 million last year.

- On a continuing like-for-like businesses basis revenue declined 9.2% and EBITDA was down 10.8% on last year.*

- Earnings per share of 6.1 cents versus a loss per share of 23.1 cents last year.

- Positive operating cash flow of $225.8 million.

- Net debt reduction of $170.2 million.

Commentary

Chairman of Fairfax Media, Roger Corbett, said the results reflect the implementation of a number of business improvements across the Company and have resulted in Fairfax Media being well positioned to take advantage of the recovery in advertising markets.

“We have extensively re-engineered the Company to ensure that all our businesses are operating much more efficiently,” he said.

Mr Corbett also added that the Board continues to work in conjunction with the management team on the longer term strategic direction of the Company.

Chief Executive Officer of Fairfax Media, Brian McCarthy, said that the results were pleasing, particularly during the second quarter, as the lower cost base provided the Company with stronger leverage as advertising markets improved.

“Trading during the important November/December period showed definite improvement against last year. December 2009 advertising revenues were approximately 2.5% higher than December 2008, the first time in over 12 months that a previous corresponding period gain had been achieved.

“When compared to the second half of the 2009 financial year, all areas of the Company saw revenue and profit gains in the first half of 2010.”

** Excludes the results of the Southern Star business sold in the 2009 financial year*

Financial performance

Continuing like-for-like businesses
(Excludes the Southern Star business which was sold in early 2009)

- Total revenue down 9.2% to 1.26 billion
- Total costs down 8.5% to $936.1 million
- EBITDA down 10.8% to $323.4 million
- EBIT down 12.5% to $268.3 million
- Earnings per share of 6.1 cents reflecting the increase in shares on issue following the equity raising in March/April 2009

Cash Flow

Operating cash flow generation was strong during the half at $225.8 million.

Debt

The strong cash flow combined with other debt reduction initiatives has reduced net debt by $170.2 million from the level at June 2009. This places the Company well within all debt covenant limits.

Dividend

Consistent with the dividend policy previously announced by the Board, an interim divided of 1.1 cents per share (2009: 2.0 cents) has been declared. The dividend represents a payout ratio of approximately 20%.The dividend will not be franked.

Record date for the dividend is 5 March 2010 and payable on 19 March 2010.

Directors have resolved not to reinstate the Dividend Reinvestment Plan at this time.

Operations

Over the past six months, Fairfax has continued to implement a number of key initiatives aimed at continually improving the performances of our operations and meet the challenges of the ever changing media landscape. These included:

- New online initiatives such as nationaltimes.com.au, relaunch of drive.com.au, and upgrades to afr.com.au.
- Commissioning of a new state-of-the-art printing press in Christchurch, New Zealand.
- Streamlining advertising sales across print and online platforms in the metropolitan markets in the key categories of real estate, employment and motors.
- Strong control over the cost base, with expenses on a continuing business basis down 8.5% on the same period last year.
- Acquisition of findababysitter.com.au and bookit.co.nz.
- Format changes to the weekday business and sports sections of the Sydney Morning Herald and business section in The Age.
- Better utilisation of print centres via the bringing in-house of previously externally printed publications such as Sunday Life and the TV Guide.

Segment Results

H1 Underlying Results (excluding significant and non-recurring items)						
	Revenue			EBITDA		
	FY10 H1 A$m	FY09 H1 A$'m	**% change**	**FY10 H1 A$'m**	FY09 H1 A$'m	**% change**
Australian Regional Media	**255.9**	270.4	**(5.4%)**	**74.9**	85.9	**(12.8%)**
Australia & NZ Printing	**43.3**	53.8	**(19.5%)**	**57.6**	58.0	**(0.7%)**
Metropolitan Media	**457.4**	515.5	**(11.3%)**	**54.3**	75.2	**(27.8%)**
Online - Fairfax Digital & Trade Me	**101.8**	94.2	**8.1%**	**53.1**	47.7	**11.3%**
New Zealand Media	**195.5**	222.1	**(12.0%)**	**38.0**	52.6	**(27.8%)**
Specialist Media	**142.7**	163.6	**(12.8%)**	**36.3**	39.8	**(8.8%)**
Broadcasting	**55.4**	55.7	**(0.5%)**	**15.8**	14.6	**8.2%**
Corporate & Other	**7.5**	11.3	**(33.6%)**	**(6.6)**	(11.2)	**41.1%**
Continuing Businesses	**1,259.5**	1,386.6	**(9.2%)**	**323.4**	362.6	**(10.8%)**
TV Production & Distribution	**-**	59.8	**(100.0%)**	**-**	7.4	**(100.0%)**
Total	**1,259.5**	1,446.4	**(12.9%)**	**323.4**	370.0	**(12.6%)**

With economic conditions being relatively weak for the majority of the period, all publishing operations recorded lower revenue and EBITDA results compared to the corresponding period. However, the Australian Regional Media and Australian Agricultural operations again highlighted their sustainability and resilience to lower levels of market activity.

Printing was affected by lower volumes which resulted in lower revenues. EBITDA was in-line with last year as further production efficiencies were achieved.

Online businesses grew strongly. Both Fairfax Digital in Australia and Trade Me in New Zealand recorded growth in revenues and earnings.

While revenues were down slightly in Broadcasting, good cost control resulted in EBITDA above the same period last year.

Compared to the second half of the 2009 financial year, the Company achieved a considerable improvement in both revenue and EBITDA as detailed in the following table.

FY10 H1 Continuing like-for-like Businesses results Vs FY 09 H2 Continuing like-for-like Businesses results	Revenue			EBITDA		
	FY10 H1 A$'m	FY09 H2 A$'m	% change	FY10 H1 A$'m	FY09 H2 A$'m	% change
Australian Regional Media	**255.9**	239.2	**7.0%**	**74.9**	65.8	**13.8%**
Australia & NZ Printing	**43.3**	42.6	**1.6%**	**57.6**	50.9	**13.2%**
Metropolitan Media	**457.4**	408.0	**12.1%**	**54.3**	26.7	**103.4%**
Online - Fairfax Digital & Trade Me	**101.8**	92.6	**9.9%**	**53.1**	43.1	**23.2%**
New Zealand Media	**195.5**	187.7	**4.2%**	**38.0**	31.5	**20.6%**
Specialist Media	**142.7**	134.6	**6.0%**	**36.3**	21.7	**67.3%**
Broadcasting	**55.4**	50.6	**9.5%**	**15.8**	10.3	**53.4%**
Corporate & Other	**7.5**	(1.5)	**n/a**	**(6.6)**	(14.6)	**54.8%**
Total	**1,259.5**	**1,153.8**	**9.2%**	**323.4**	**235.4**	**37.4%**

Current market conditions

Trading for the first six weeks of the second half has been stronger than for the same time last year. Whilst this is encouraging, revenue visibility and booking cycles remain quite short with no sustained trends evident.

Revenue growth is being experienced across the majority of media and digital operations but the New Zealand publishing market has remained subdued.

Based upon current market trends we anticipate earnings growth in the second half compared to the same period last year

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Contacts:

Mr Brian Cassell
Chief Financial Officer
+61 2 9282 3555

Mr Frank Sufferini
General Manager Investor Relations
+61 2 9282 3846