Fairfax

John Fairfax Holdings Limited

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FAIRFAX REPORTS HALF YEAR NET PROFIT AFTER TAX OF $124.8 MILLION, UP 5.2% (PRE NON-RECURRING ITEMS)

FAIRFAX DIGITAL REVENUES UP 67% WITH STRONG EARNINGS GROWTH

EBIT UP 4.5% TO $223.5 MILLION (PRE NON-RECURRING ITEMS)

DIVIDEND INCREASED TO 8.0 CENTS PER SHARE

SYDNEY, 6 March 2006: – **"Booming internet revenues and profits with improved market positions for our Fairfax Digital news and classifieds franchises, a solid performance in New Zealand, continued growth in business publishing and our regional newspapers, and steady management of the metro newspapers – with tight cost controls in a cyclical downturn – have all resulted in solid profit growth."**

David Kirk, CEO

"Fairfax's strong results reflect the successful transition to our new CEO, David Kirk, his very capable management of the business, and the clear benefits of the diversification of the company and its operations over the past few years. The regeneration of our Board brings a new direction to the company for the future, which we see as being very bright."

Ronald Walker, Chairman

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Group Results

A$M	December 2005	December 2004 (AIFRS adjusted)	**% change**
Revenue	977.6	936.6	+4.4
EBITDA	262.9	254.3	+3.4
EBIT	223.5	213.8	+4.5
NPAT	124.8	118.7	+5.2

Excluding the effects of non-recurring items in the current and previous corresponding period (AIFRS adjusted), the key highlights of trading performance of the Company for the six months ended 31 December 2005 are:

- **Underlying trading revenue increased 4.4% to $977.6 million**
- **Earnings Before Interest and Tax increased 4.5% to $223.5 million**
- **Net Profit After Tax increased 5.2% to $124.8million**
- **Earnings per share increased 3.6%, to 13.45 cents.**
- **Free cashflow (excluding acquisitions) increased 8.3% to $121.8 million**
- **Dividend increased to 8.0 cents per share fully franked**

Non-recurring items during the half were comprised of $13.3 million in redundancy costs for 135 employees, offset by a significant gain of $4.4 million in associated gains received from AAP Information Services as a result of asset sales.

Including these non-recurring items the company's total net profit after tax was $119.9 million, with earnings per share of 12.92 cents.

The Board has announced an increase in the interim dividend to 8.0 cents per share, fully franked. Record date for the dividend is 16 March 2006, and payable 12 April 2006.

STATEMENTS BY CEO DAVID KIRK AND CHAIRMAN RONALD WALKER

David Kirk, Chief Executive Officer, said:

"Booming internet revenues and profits with improved market positions for our Fairfax Digital news and classified sites, a solid performance in New Zealand, continued growth in business publishing and our regional newspapers, and steady management of the metro newspapers – with tight cost controls in a cyclical downturn – have all resulted in solid profit growth.

"Fairfax Digital's outstanding performance – both financially and in competitive terms – shows it is a major force in online markets in Australia, and we intend for it to continue to enjoy significant growth in its news and classifieds businesses.

"The company as a whole posted a healthy earnings gain, even with the weaker economy – particularly in New South Wales, where there is very weak growth in the State's overall economy, employment levels are soft, and the housing market has been in recession – causing a relatively flat trading performance in Australia. These cyclical trading conditions have been offset by our strong and continuing cost disciplines. In addition, our papers rebounded with solid gains in circulation and readership.

"These results, together with the acquisitions and investments we have made this year, reflect the strategic course we have set: First, we will defend and enhance our core newspaper business. Second, we will grow organically and by acquisition in all media markets where it both makes strategic sense and provides value to shareholders."

Ronald Walker, Chairman of the Board of Directors, said:

"Fairfax's strong results reflect the successful transition to our new CEO, David Kirk, his very capable management of the business, and the clear benefits of the diversification of the company and its operations over the past few years. The regeneration of our Board brings a new direction to the company for the future, which we see as being very bright."

KEY AREAS OF ACTIVITY

AUSTRALIAN PUBLISHING

The results for the Australian publishing businesses were affected by weaker economic conditions, with revenues up slightly and costs well contained.

- Total revenue increased 1.3% to $660.9 million
- Advertising revenue increased 1.0% to $541.7 million
- Circulation revenue increased 3.2% to $108.0 million
- EBITDA decreased 3.2% to $159.9million
- EBIT decreased 3.0% to $126.5 million
- Costs increased 2.9% (2.1% excluding new initiatives).

Australian publishing costs were very well controlled. While investments to drive future revenue and earnings growth were undertaken in *Travel + Leisure* magazine and the new AFR digital product, underlying costs were well contained with 2.1% growth. Costs savings from the redundancy program will be reflected in future reporting periods.

Metropolitan, Regional and Community Newspapers

Metro publishing revenues declined as a result of difficult economic markets that affected advertising, particularly in New South Wales. This was offset by strength in new midweek General Classifieds and response to the new-look Domain real estate section in Melbourne and the new local Domain real estate sections in Sydney. Circulation growth in all mastheads led to gains in circulation revenues, and the metro papers held or increased market share in the key AB readership demographic.

Fairfax General Magazines was steady in a very uneven advertising market for magazines. *Travel+ Leisure*, *the(sydney)magazine* and *theage(melbourne)magazine* are performing ahead of expectations.

Fairfax Regional and Community Newspapers posted solid revenue and profit growth. Revenue growth was slightly tempered by the slowdown in real estate markets, particularly in NSW.

Fairfax Business Media

FBM continued its revenue and profit growth, driven by its strong position in the premium employment advertising sector, and the continuing growth that has followed the addition of new environments for consumer-related categories. The AFR enjoyed circulation gains across all editions. The consolidation and relaunch of the investor magazines, *AFR Smart Investor*, has been particularly successful and performing at above anticipated targets. The AFR digital desktop product will launch later this calendar year.

FAIRFAX DIGITAL

With exceptionally strong organic growth, Fairfax Digital's revenue was $42.6 million, up 66.6%, with a profit at the EBITDA level of $12.0 million, up from $1.2 million in the previous corresponding period. Operating margins expanded strongly in the half.

Revenues grew aggressively across all news and classified sites, with significant market share growth in display. Total traffic across all the Fairfax sites increased to over 8 million unique browsers per month. Fairfax Digital enjoys the leadership positions in online news (smh.com.au and theage.com.au), online dating (RSVP), and holiday rentals (Stayz), and has a strong #2 position in all the classified categories of automotive, real estate and employment.

NEW ZEALAND PUBLISHING

Fairfax New Zealand's underlying results were up on last year.

- Advertising revenue increased 3.8% to NZ$217.4 million
- EBITDA increased 3.7% to NZ$98.8 million
- EBIT increased 3.5% to NZ$93.4 million.

Fairfax New Zealand had good revenue and earnings growth, with strong gains in classified and display advertising categories notwithstanding a slowdown in the New Zealand economy

and the effects of the national election campaign. Underlying publishing costs were up 3.8% (excluding acquisitions), despite strong inflationary pressures on labour costs.

The New Zealand mastheads had circulation and readership growth, with *The Sunday Star-Times* the country's #1 selling newspaper.

CAPITAL MANAGEMENT

As previously announced, the company intends to convert Presses into ordinary shares in July 2006, pursuant to clause 3.3 (a)(i) of the terms.

OUTLOOK

Trading in Australia in January and February has been mixed and it is too early in the half to provide meaningful guidance. As in previous years, we will do so when trends are clearer later in the half.

-- ENDS --

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