

**FAIRFAX REPORTS NET PROFIT AFTER TAX PRE-
SIGNIFICANT ITEM
OF
\$100.1 MILLION, up 43.0 %
FOR THE SIX MONTHS ENDED 31 DECEMBER 2003**

SYDNEY, February 19, 2004 -- John Fairfax Holdings Limited [ASX:FXJ] today announced a net after tax profit pre-significant item for the six months ended 31 December 2003 of \$100.1 million, up 43.0% from last year's first half net profit of \$70.0 million. Earnings per share pre-significant item were 10.41 cents, up 24.1%. Group EBIT was \$180.9 million, slightly ahead of that foreshadowed in the company's announcement of 16 December 2003.

As a result of the introduction of tax consolidation, the company's full net profit after tax (pre-PRESSES dividend) was \$162.4 million, with earnings per share of 17.56 cents, up 109% from last year. The one-off tax gain of \$62.3 million is treated as a significant item. There were no other significant items in the half.

The company's results reflect for the first time the acquisition of the New Zealand publishing business from INL, which was completed on 30 June 2003. The operations of Text Media, which Fairfax now owns and operates, will be included in the second half results.

Over the period, cash generation was strong with net debt reduced by approximately \$100 million.

With regard to Fairfax's Australian business (compared with the previous corresponding period):

- Total revenue increased 5.0% to \$639.2 million.
- Advertising revenue increased 6.3% to \$519.9 million.
- EBITDA increased 7.9% to \$153.2 million.
- EBIT increased 5.3% to \$118.1 million.

With regard to the Fairfax New Zealand business:

- Revenues were NZ\$273.0 million, an increase of 10.4% over the previous corresponding period.
- EBITDA was NZ\$78.6 million.
- EBIT was NZ\$71.6 million.

In light of these results, the Board has announced an interim dividend of 5.5 cents, fully franked, an increase of 0.5 cents, or 10% over last year. Record date for the dividend is 23 March 2004, and payable 6 April 2004.

**STATEMENT BY MR FRED HILMER,
CHIEF EXECUTIVE OFFICER**

Three factors underlie this first half result:

First, in New Zealand we have registered strong earnings and trading performance due to higher than expected revenue growth, successful cost containment and orderly transition of the business to Fairfax ownership.

Second, there has been steady improvement in Australia as the display market in particular continues to strengthen and as we reap

the benefits of the investment in new printing facilities at Tullamarine and Chullora.

Third, the introduction of tax consolidation, while a one-off significant item, will provide longer term underlying growth in the company's cash flow in the order of \$6 million per year through reductions in tax payments over time.

Key Areas of Activity

Fairfax New Zealand. This has been an excellent acquisition for the company and has been completed successfully. All aspects of the business are performing well, as reflected in the earnings for the first half. Revenues were higher, and costs were lower, than our initial targets when the acquisition was completed.

Tullamarine and Chullora. Printing operations continue to improve at Tullamarine, with better on-time performance. Colour takeup levels from display advertising clients are growing at the metropolitan newspapers. Production quality at both facilities is excellent.

Costs. Cost discipline has been maintained in the Australian operations. Publishing costs increased by 3.6% over the previous corresponding period, reflecting underlying inflation, increases in marketing and promotions, and extra start-up costs at Tullamarine. Overall costs in the Australian businesses totalled \$486.0 million, 4.1% up on last year's level. In November, we also successfully completed a new, 3-year Enterprise Bargaining Agreement with our journalists.

Australian Newspaper Franchises

Metropolitan papers. Advertising revenues increased 3.2% to \$347.6 million. Revenue growth accelerated as the first half progressed, with display advertising up strongly. There were small increases in motor vehicle and real estate classifieds, while employment classifieds declined, reflecting continuing weakness in the white collar employment markets in Sydney and Melbourne. Circulation revenue was up 3.4% over last year, with weekday circulation up at *The Age* and steady at *The Sydney Morning Herald*, and weekend circulation down at the SMH and up at *The Age*.

Fairfax Business Media. FBM enjoyed improved trading conditions, with revenue growth, particularly at *The Australian Financial Review*, from stronger display advertising in recovering sectors such as employment, travel and leisure, and commercial property. There were some circulation gains, especially at *BRW*.

Regional and Community Newspapers. Compared to the first half 2003, our regional and community publications registered EBITDA growth of over 20%. *The Newcastle Herald*, *Illawarra Mercury* and *Warrnambool Standard* continue to post both strong advertising and circulation growth. New suburban titles have been launched in Sydney and Melbourne, complementing the strong growth in our existing titles.

f2. f2 posted a revenue gain of \$6.0 million, or 51.3%, resulting in a profit at the EBITDA level of \$1.7 million.

Classified revenues continue to grow substantially, and web traffic continues at record levels.

OUTLOOK

Compared with last year, trading in the first six weeks of the second half has been generally steady in Australia and continues to be strong in New Zealand.

In Australia, display advertising continues to grow, while employment and real estate classified advertising are subdued, consistent with market conditions in those sectors. However, barring unforeseen circumstances we expect to continue earnings growth for the balance of 2004, the scale of which will depend on the vitality of further trading activity through the second half.

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