



Independent News & Media PLC

APN NEWS & MEDIA LIMITED - RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

APN Interim Results in line with Prior Year Australian Businesses continue to show growth Dividend maintained

APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 39.1% shareholding, today released its Interim Result for the period ending 30 June 2008.

Trading revenues for the period on a constant currency basis were up 2.5% to A\$624.5m. Earnings Before Interest and Taxation (EBIT) before non-recurring items (NRIs) for the period was A\$139.0m compared with A\$142.4m last year and Net Profit After Tax (before NRIs) was broadly in line with the prior year at A\$72.3m (last year A\$73.2m).

The Directors today declared an unfranked dividend of 10.5 cents per share, maintaining the dividend at the same level as the prior year.

A geographic breakdown of the trading result on a constant currency basis is set out below:

Trading Result (constant currency)

	Revenue % growth	EBIT % growth
Australia	+5.7%	+6.4%
Asia	+20.9%	+75.1%
NZ	-2.4%	-10.3%
Total	+2.5%	-0.1%

APN Chief Executive Brendan Hopkins said: "These are a good set of results against the background of the global credit crisis. Our Australian and Asian businesses have performed well during the period, with in particular our Outdoor business being the standout performer. Our New Zealand businesses have been affected throughout the period by the economic slowdown, with a number of our major advertisers cutting back advertising plans.

"Significant progress is being made in our Online business. We have a number of exciting organic Online opportunities, particularly in our Regional markets.

"We are also announcing today the acquisition of Media1, New Zealand's third largest Outdoor Advertising business, cementing our position as the largest Outdoor operator in that market.

"The Group has now substantially completed the significant business re-engineering programme announced two years ago. Whilst we have undoubtedly seen some 'project creep'

during the half, particularly in relation to our Australian Publishing business, all projects are now fully operational.

“APN is covered by ten media analysts, eight of whom have circulated full year forecasts to the market in the last six weeks. The Board is comfortable with their consensus full year forecast of A\$162m Net Profit After Tax but notes that its achievement will largely depend on the performance in the final quarter, where 33% of EBIT traditionally occurs, and there being no further deterioration in the New Zealand trading environment. Continued solid performances from our Australian and Asian businesses give the Board confidence that APN is well placed to take advantage of improvements in underlying trading conditions in each of our major markets.”

Divisional Results

AUD millions	Revenue			EBIT		
	June 30 2008	CC* growth	Reported growth	June 30 2008	CC* growth	Reported growth
Publishing	375.7	0%	(3%)	91.8	(7%)	(10%)
- <i>Regional Publishing</i>	213.4	2%	1%	54.1	(8%)	(9%)
- <i>NZ National Publishing</i>	154.3	(5%)	(10%)	42.4	(5%)	(10%)
- <i>Online</i>	8.0	78%	70%	(4.7)	2%	4%
Radio	117.6	(4%)	(6%)	33.8	(6%)	(7%)
Outdoor	127.3	14%	9%	16.0	79%	74%
Corporate & other	9.9	123%	123%	(2.6)	N/A	N/A
Total	630.5	2%	0%	139.0	0%	(2%)

* Constant currency – restated to convert prior year international currencies to 2008 rates

Regional Publishing

APN publishes 23 regional daily newspapers and more than 100 non-daily and community titles across Australia and New Zealand.

In Australia, the continued strong resources sector in our Queensland markets and good growth in rural commodities provided solid trading conditions. In particular, classified advertising in Real Estate and Employment again returned double-digit growth, continuing a long trend of expansion in these core advertising pillars. The unemployment rate in Queensland remains well below the national level and net population growth is the highest in the country, which bodes well for continued growth in APN’s key newspaper markets. Advertising growth was affected by a reduction in core Government advertising spending in the period; however, forward bookings from Government into the second half are encouraging.

The result in Australia was affected by widespread floods in the first quarter, which impacted on operations and local markets in Mackay, Emerald, Rockhampton and across Central Queensland.

The introduction of a number of re-engineering projects designed to improve production and sales efficiencies has now concluded and benefits will begin to flow in the second half. New press centres in Toowoomba, Rockhampton and Ballina are now fully operational and,

together with the state of the art facility at Yandina on the Sunshine Coast, are producing high quality colour publications that have been well supported by advertisers and readers.

In New Zealand, economic conditions remained subdued in local markets. While there was some softness in classified advertising in Real Estate and Employment, reflecting the general nature of economic conditions in the country, there were good results in Retail advertising, which grew over the period.

Cost management is a key focus for the Division and it remains well placed to take advantage of any improvements in local economic conditions.

New Zealand National Publishing (NZNP)

NZNP comprises The New Zealand Herald, Herald on Sunday, The Aucklander and New Zealand Magazines. The Division leads the Auckland market with more than 7 out of 10 Aucklanders aged 15+ reading at least one APN title each week.

Conditions remain challenging as we trade through the cycle; however, a number of innovations and new sections across the publications have gained support from advertisers. Equally, previous work on re-engineering production processes and improving efficiency has reduced the cost base and further benefits will flow in the second half.

The advertising environment was competitive, with national advertising continuing to perform well but other pillars experiencing some softness. Ongoing tightness in the market for commercial printing accounted for half of the reduction in the Division's revenue, pointing to the resilience of the publishing assets. New Zealand Magazines experienced good advertising growth with the addition of new titles to its portfolio.

Paid circulation in The New Zealand Herald was stable and there were good circulation gains for the Herald on Sunday. There was also strong growth in readership, with The New Zealand Herald and the Herald on Sunday the fastest growing paid newspapers in the country. In the most recent survey period (April 2007 – March 2008), the Herald's readership grew by 34,000 to 593,000 readers on a typical day, while the Herald on Sunday was up 43,000 to 371,000 readers. Readership for the Herald has grown steadily over the last four readership surveys and the Monday, Wednesday, Thursday and Weekend Herald editions now have significantly higher readership than any other newspaper in New Zealand. The Herald on Sunday is now the clear leader in Sunday readership in the commercially-important northern region of New Zealand. The strong growth in readership was reflected at the Qantas Media Awards, where The New Zealand Herald was recognised as the best daily newspaper and the Herald on Sunday as the best weekly newspaper as well as the overall newspaper of the year.

New Zealand Magazines were also recognised as market leaders at the Magazine Publishers Association Awards for 2008, with the New Zealand Woman's Weekly being named magazine of the year. Equally, Crème was named lifestyle magazine of the year and the New Zealand Listener was the best news-stand magazine in the Qantas Media Awards. Readership trends have been positive and are expected to continue.

Online

APN continues to invest in its Online Division, which is achieving good organic growth. Its flagship property *nzherald.co.nz* was named best news website at the Qantas Media Awards. The site is profitable, with revenue in the first half up 28% on the prior period. More than 11 million page impressions are delivered each week to more than 720,000 unique browsers. This result, seen in combination with the continued strong readership growth of The New

Zealand Herald in print format, shows the online version is building and extending the valuable Herald brand into new and profitable markets.

The Division's regional strategy was launched with the community-based finda websites in Toowoomba and the Sunshine Coast. The sites integrate existing online newspaper content with events, mapping and local business listings to build comprehensive local web resources, supported by local and national advertising. The investment phase in this strategy will continue for the next two years as finda sites are rolled out in each of APN's regional markets.

In New Zealand, the finda online business directory continues to generate record traffic levels, up 37% in the first half. Combined with the Wisers Maps website, the APN directory attracts more than 900,000 unique browsers a month, making it the most popular online business directory in the country. The finda distribution arrangement with Google continues to deliver good site traffic growth. Work is continuing to leverage the directory data to build industry-focused 'vertical' sites, opening new revenue opportunities for the business. A number of enhanced features for listed companies on the finda site, including the addition of video, coupons and internal links, have become important revenue drivers. Additional features will be rolled out in the second half.

Radio

The Radio Division comprises the Australian Radio Network (ARN) and The Radio Network (TRN) in New Zealand, which together reach almost 6 million listeners each week – the largest radio audience in Australasia.

In Australia, ARN has invested in a more streamlined and sophisticated sales process to better serve agency and direct clients, producing some solid commercial outcomes. New senior managers have been appointed to deliver a more integrated approach to programming, sales and online. Good gains have been made in the second quarter in terms of commercial market share. The network's two music streams of Classic Hits and Mix continue to focus on their core demographic of 25-54.

In New Zealand, TRN remains the market leader in New Zealand radio, with the number 1 talk station in Auckland, Wellington and Christchurch. TRN has a combined audience share of almost 47% of all audiences aged 10+, well ahead of its nearest competitor. Challenging market conditions continue but the acquisition of 21 additional licences at auction in May for NZ\$1.3 million will further extend the reach of TRN's eight networks across the country.

Outdoor

APN Outdoor is the market leader in each of the main outdoor advertising categories in Australia and New Zealand, as well as a major player in large format in Indonesia and Malaysia and in transit and large format in Hong Kong. The Division delivered a strong result, with particularly good growth in Australia and Asia, lifting overall EBIT by 74%. Outdoor in New Zealand performed in line with the rest of the local media market, but investment in new contracts such as Christchurch airport and the rationalisation of some sites has led to improved inventory and good growth.

In Australia, small and large format billboards are the fastest growing categories, driven by APN Outdoor's market leading businesses. The Division also continues to innovate, with building approval now granted for the construction of Australia's largest digital billboard, to be erected on the historic Young and Jackson building opposite Flinders Street station in Melbourne. Rated as one of the best Outdoor sites in the country, the almost 90m² billboard will feature animated slides and has the potential to display video.

Outdoor in Australia will also benefit from the introduction of the audience measurement system MOVE – Measurement of Outdoor Visibility and Exposure. The system will provide advertisers and agencies with reliable data on a ‘likelihood to see’ measure, enabling them to accurately assess the effectiveness of their campaigns. The system is due for introduction at the end of the year, with benefits to flow from 2009.

In Asia, Outdoor has performed particularly well, with local economies avoiding the full impact of the credit crisis that has flowed from the United States. Stable conditions have allowed good revenue growth and strong increases in EBIT. In Hong Kong, Buspak is the Beijing 2008 Olympic Games Equestrian Events Official Transit Advertising Agent. With Hong Kong a major gateway to mainland China, the Outdoor operation is experiencing some revenue improvement due to the Olympic effect.

Acquisition

The Company announces today that it has acquired the operations of Media 1, the third largest billboard company in New Zealand. The acquisition will add 130 premium sites to APN Outdoor’s existing national portfolio of 500 billboard sites, covering all major markets in the country. This will further cement APN’s position as the leading Outdoor operator in New Zealand.

Dividend Reinvestment Plan

The Company has decided to reinstate the Dividend Reinvestment Plan (DRP) in response to requests from small shareholders in particular. The DRP had been suspended for the last three years whilst the share buy-back to offset the conversion of 63 million Convertible Notes originally issued in 2001 was completed. Shares issued under the DRP will not attract any discount. Shareholders will receive full details in the next few days.

Funding

APN remains well served by the terms of its credit facilities, despite the difficult prevailing credit conditions. The company has no material debt facilities maturing until 2010 with some maturities extending to 2012. Overall leverage levels remain satisfactory.

Non-Recurring Items

The results include net Non-Recurring losses of A\$0.3 million (after tax). Non-Recurring costs include costs of our growing suite of Online businesses which have been developed largely organically rather than through acquisition, as well as costs associated with the significant business re-engineering programme which is almost complete. In addition, costs associated with various redundancies actioned during the period have been treated as non-recurring. The Board remains of the view that these charges are not related to ongoing trading and therefore are appropriately classified as Non-Recurring Items.

Outlook

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ENDS.

Tuesday, 12th August 2008

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About APN

APN News & Media Limited [ASX, NZX:APN] is the largest media company in New Zealand, where it owns The New Zealand Herald, the country's largest newspaper. APN is the largest radio and outdoor advertising operator in Australasia as well as one of Australia's leading regional publishers. In Asia, the Company has market leading Outdoor positions in Hong Kong, Malaysia and Indonesia. APN is a leader in online in both New Zealand and in Queensland and has been listed on the Australian Stock Exchange since 1992, and on the New Zealand Stock Exchange since June 2004.

APN NEWS & MEDIA LIMITED
INTERIM PROFITS ANNOUNCEMENT

	A\$000	A\$000	€000	€000
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Revenue	<u>599,836</u>	<u>601,331</u>	<u>362,132</u>	<u>365,617</u>
Operating Profit				
– Continuing Operations	136,826	139,995	82,604	85,119
– Exceptional Items	<u>(4,615)</u>	<u>(2,207)</u>	<u>(2,786)</u>	<u>(1,342)</u>
Profit from Continuing Operations	132,211	137,788	79,818	83,777
Net Finance Charge	(37,294)	(30,713)	(22,515)	(18,674)
Share of Profit of Associates	<u>2,133</u>	<u>2,426</u>	<u>1,288</u>	<u>1,475</u>
Profit on Ordinary Activities before Taxation	97,050	109,501	58,591	66,578
Taxation	<u>(10,662)</u>	<u>(17,671)</u>	<u>(6,437)</u>	<u>(10,744)</u>
Profit on Ordinary Activities after Taxation	86,388	91,830	52,154	55,834
Minority Interests	<u>(14,448)</u>	<u>(19,352)</u>	<u>(8,723)</u>	<u>(11,766)</u>
Profit Attributable to Members of the Parent Entity	<u>71,940</u>	<u>72,478</u>	<u>43,431</u>	<u>44,068</u>
Basic Earnings per Share (cents)	<u>14.7</u>	<u>15.2</u>	<u>8.9</u>	<u>9.2</u>
Diluted Earnings Per Share (cents)	<u>14.7</u>	<u>14.9</u>	<u>8.9</u>	<u>9.1</u>

Profit & Loss Accounts translated at Average Rates
Average Exchange Rate 2007 €1 = A\$1.6447
Average Exchange Rate 2008 €1 = A\$1.6564

APN NEWS & MEDIA LIMITED
GROUP BALANCE SHEET

	A\$000	A\$000	€000	€000
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Current Assets				
Cash and Cash Equivalents	41,849	88,814	25,448	53,403
Receivables	214,388	246,380	130,367	148,145
Inventories	16,183	21,988	9,841	13,221
Tax Assets	4,861	5,628	2,956	3,384
Other	<u>28,536</u>	<u>29,998</u>	<u>17,352</u>	<u>18,036</u>
Total Current Assets	<u>305,817</u>	<u>392,808</u>	<u>185,964</u>	<u>236,189</u>
Non-Current Assets				
Receivables	5,427	9,289	3,300	5,585
Other Financial Assets	28,974	37,334	17,619	22,448
Investments Accounted for Using the Equity Method	32,408	29,155	19,707	17,531
Property, Plant and Equipment	289,180	298,863	175,847	179,702
Intangible Assets	<u>1,725,465</u>	<u>1,813,369</u>	<u>1,049,234</u>	<u>1,090,355</u>
Total Non-Current Assets	<u>2,081,454</u>	<u>2,188,010</u>	<u>1,265,707</u>	<u>1,315,621</u>
Total Assets	<u>2,387,271</u>	<u>2,580,818</u>	<u>1,451,671</u>	<u>1,551,810</u>
Current Liabilities				
Payables	146,141	178,296	88,867	107,206
Derivative Financial Instruments	95	2,093	58	1,258
Interest Bearing Liabilities	16,009	94,768	9,735	56,983
Current Tax Provisions	12,749	18,941	7,753	11,389
Provisions	<u>6,961</u>	<u>7,530</u>	<u>4,233</u>	<u>4,528</u>
Total Current Liabilities	<u>181,955</u>	<u>301,628</u>	<u>110,646</u>	<u>181,364</u>
Non-Current Liabilities				
Payables	4,840	5,162	2,943	3,104
Interest Bearing Liabilities	904,372	840,905	549,937	505,625
Deferred Tax Liabilities	127,746	156,001	77,681	93,801
Provisions	<u>1,517</u>	<u>1,352</u>	<u>922</u>	<u>813</u>
Total Non-Current Liabilities	<u>1,038,475</u>	<u>1,003,420</u>	<u>631,483</u>	<u>603,343</u>
Total Liabilities	<u>1,220,430</u>	<u>1,305,048</u>	<u>742,129</u>	<u>784,707</u>
Net Assets	<u>1,166,841</u>	<u>1,275,770</u>	<u>709,542</u>	<u>767,103</u>
Equity				
Contributed Equity	918,404	916,572	558,470	551,123
Other Reserves	(52,912)	13,467	(32,175)	8,097
Retained Profits	<u>70,951</u>	<u>101,772</u>	<u>43,145</u>	<u>61,194</u>
Total Parent Entity Interest	936,443	1,031,811	569,440	620,414
Minority Interests	<u>230,398</u>	<u>243,959</u>	<u>140,102</u>	<u>146,689</u>
Total Equity	<u>1,166,841</u>	<u>1,275,770</u>	<u>709,542</u>	<u>767,103</u>

Balance Sheets translated at Closing Rates
Closing Exchange Rate December 2007 €1 = A\$1.6631
Closing Exchange Rate June 2008 €1 = A\$1.6445