



Independent News & Media PLC

MARKET ANNOUNCEMENT

APN ANNOUNCES THE FINALISATION OF PROJECT RESTRUCTURING AND TRADING UPDATE

APN News & Media Limited (APN) in which Independent News & Media PLC has a 39.1% shareholding made the following announcement.

SYDNEY, November 7, 2008

APN News & Media Limited [ASX,NZX:APN], is today providing an update to its shareholders on the completion of its three year restructuring programme as well as a review of current trading in lieu of the previously planned investor conference.

FINALISATION OF PROJECT RESTRUCTURING

APN announces the end of its three year project restructuring plan initiated in 2005. During the period APN completed a number of projects across all divisions aimed at upgrading business models. Over the past three years over A\$150 million has been invested to improve efficiencies within APN. These projects include:-

- Completion of seven new production sites in Australia and New Zealand providing full gloss and inserting capabilities including:
 - the Yandina plant, Australia's first integrated gloss heatset plant, producing magazine quality publications within a newspaper environment;
 - the new Ballina and Toowoomba plants, which became operational in early October; and
 - the Mackay plant upgrade which was completed in August.
- Centralisation of advertising production in both Australia and New Zealand
- Editorial production outsourced in New Zealand with over 1,000 pages per week transferred to Pagemasters in Auckland
- Introduction of centralised call centres in Australia and New Zealand
- Integration of self service advertising production
- Integration of business systems across Publishing, Radio and Outdoor
- Establishment of a Trans Tasman financial shared services centre in Whangarei to service all APN businesses
- Centralisation of APN Online infrastructure development in New Zealand
- In conjunction with Deloitte Consulting, the introduction of a Customer Relationship Management system initially into the Publishing business

The projects have allowed APN to realise significant cost savings to date. APN can also confirm a number of final efficiencies from the completion of these projects, principally relating to the cessation of "project duplication" across all divisions.

CURRENT TRADING

Brendan Hopkins, Chief Executive Officer of APN, said: "These are challenging times for all businesses. Our long term investment plan to upgrade business models across all our areas of operations has facilitated further cost savings. In this uncertain financial climate we must do everything we can to ensure that all our businesses are in the best possible shape for the future.

"Our diverse range of media businesses across five countries continue to perform in line or better than their respective markets, in particular:

- Outdoor in Australia and Hong Kong;
- Australian Publishing; and
- Online, where we continue to make good progress particularly in New Zealand.

Elsewhere our New Zealand Publishing, Radio and Outdoor businesses are challenged by testing market conditions although Radio in Australia has been recently gaining after losing share at the end of 2007 and in the early part of 2008."

"APN has demonstrated an ongoing ability to restructure its operations to meet prevailing market conditions. We have a strong cost focus, which, coupled with the benefits of our significant three year capital expenditure programme now complete will deliver a satisfactory operating earnings performance for the balance of the year and in 2009 providing market conditions remain reasonable."

Regarding current trading, the Board of APN notes that the consensus forecast for APN has fallen in line with the economic outlook for the present year which reflects a more difficult trading environment. The Board agrees with analyst concerns, and views the economic climate with caution. It believes that conditions for the foreseeable future will remain challenging and advertising bookings remain very short term. The outlook for the fourth quarter is such that the lower end of the present analysts consensus range (A\$148 million Net Profit After Tax pre non-recurring items) better reflects the Company's current expectations for the 2008 year and is in line with recent analyst's updates.

It should be noted that the achievement of "project related" efficiencies, principally headcount reductions, will result in a non-recurring charge (A\$20 million), the majority of which will fall within the current year. As a result the Board expects a significant benefit (A\$10 million plus) to the 2009 Earnings Before Interest and Tax.

FORWARD OUTLOOK

The Board of APN considered its best estimate for the profit performance for calendar year 2009 and, given reasonable market conditions, expects it to be broadly in line with the present year before any non-recurring items. The Board remains confident that APN's diversified portfolio of market leading assets will continue to prosper and, in the main, grow their respective market shares. In addition the Capital Expenditure for the specific Project Upgrade Programme commenced three years ago has now been completed so a significant (A\$50 million) reduction in capital spend will also benefit the 2009 year.

FINANCING UPDATE

The Board also confirmed that APN is well funded with approved undrawn facilities of almost A\$100 million. In addition, APN has received commitments for extensions to certain of its debt facilities and is satisfied with its range of maturities. In summary, the Company's overall debt position is appropriate and meets the Company's foreseeable requirements.

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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.