



Independent News & Media PLC

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INDEPENDENT NEWS & MEDIA PLC

APN NEWS & MEDIA LIMITED - RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

*APN Delivers a Record Net Profit After Tax of
A\$149.7 million, up 16%*

APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 40.50% shareholding, today announced a record Net Profit After Tax for the 12 months ended 31 December 2005 of A\$149.7 million, a 16% increase on the prior year.

GROUP RESULT	FY 2005	FY 2004*	% var
Revenue	A\$1,364.1m	A\$1,274.2m	7%
EBIT (Pre NPI)	A\$322.1m	A\$294.9m	9%
EBIT	A\$309.4m	A\$285.1m	9%
Net Profit After Tax	A\$149.7m	A\$129.4m	16%
Basic Earnings Per Share (cents)	31.1	27.1	15%
Dividends per share (cents)	24.2	22.0	10%

* Adjusted for A-IFRS

APN Chief Executive Brendan Hopkins said: "This has been a strong year for APN, recording yet another record profit with EBIT growing 9% to A\$309.4 million. Total revenues grew 7% to A\$1.364 billion.

"APN continues its expansion and development into a diverse multimedia company with market leading brands in a number of high growth geographic locations.

"The results are after expensing significant investment in a range of new product initiatives (NPIs) totalling almost A\$13 million, including the major initiatives of *The Aucklander* and the *Herald on Sunday*, launched in 2003 and 2004, which are expected to move into profit in 2006 and 2007 respectively.

"In recent years at the time of releasing the annual results, the Board has outlined its double digit earnings ambition. It is pleasing to report that the strength of APN's businesses has enabled that ambition to be achieved in each of the last four years.

"The Board of APN believes that our diverse portfolio of market leading brands will continue to produce attractive returns and that 2006 will be no exception.

“Whilst it is too early to predict a fifth consecutive year of double digit earnings growth, the early part of the year is trading in line with our expectations and, given a continuation of current conditions, the Board believes that further significant earnings growth of at least five percent looks likely to be achieved.”

Group earnings lifted 7% in the second half on top of the strong growth experienced in the previous year.

Mr Hopkins said: “Our market leading brands in New Zealand performed well in the second half in slowing market conditions foreshadowed at the Interim Results presentation. We remain pleased with current trading in New Zealand, which is above the prior year and in line with expectations.”

The second half trading performance was influenced by a number of factors that look likely to underpin growth in 2006:

- The regional newspaper division continued to enjoy the benefits of operating in high growth markets. In the second half regional publishing revenues were up 8% and divisional EBIT grew 9%.
- Outdoor EBIT grew 22% in the second half with this division poised to deliver strong growth in 2006.
- The cost of investment in our range of new products, principally in New Zealand is beginning to moderate on a year on year basis with A\$5.5m being expensed in the second half compared to A\$8.2m in the same period in the prior year.

Costs were well contained, with overall cost growth in the second half up just 2% before NPIs, contributing to further growth in margins.

DIVISIONAL ANALYSIS

APN Group EBIT (AUD million)	FY2005	FY2004*	% var.
Publishing	222.4	203.0	10%
<i>New Zealand National Publishing</i>	<i>110.1</i>	<i>103.0</i>	<i>7%</i>
<i>Regional Newspapers</i>	<i>112.3</i>	<i>100.0</i>	<i>12%</i>
Radio	82.0	71.6	15%
Outdoor	22.4	19.1	17%
Print & Specialist	5.5	9.9	(44%)
Corporate	(10.2)	(8.7)	16%
EBIT before NPIs	322.1	294.9	9%
New Product Initiatives	(12.7)	(9.8)	
EBIT before non-recurring items	309.4	285.1	9%

* Adjusted for A-IFRS

NEW ZEALAND NATIONAL PUBLISHING

The New Zealand National Publishing Division includes *The New Zealand Herald*, the *Herald on Sunday*, *The Aucklander* and *New Zealand Magazines*.

The Division increased overall revenue (pre NPI) by 5% and EBIT (pre NPI) by 7% over the prior year.

The New Zealand Herald is the mainstay of our Auckland strategy and remains by far the country's largest and most important metropolitan daily with an average daily readership of 575,000 and over one million readers every week. Week day cover price was increased to NZ\$1.50 from NZ\$1.30 on 5 September.

Advertising revenues grew in all major revenue categories with market shares maintained. A new quarterly demand driven rate card was introduced and new sections such as *Superwheels* and *Heraldhomes* were introduced.

Overall tight cost controls and enhanced productivity, together with improved yields resulted in an increased operating margin.

The *Weekend Herald* continues to be the country's most read weekend paper with 656,000 readers every Saturday. The *Weekend Herald* is read by almost one in two Aucklanders every weekend and reaches almost twice as many Auckland readers as any other weekend newspaper. The cover price was not increased in 2005.

The *Herald on Sunday* has exceeded expectations in readership and circulation since its launch 18 months ago, and has already become Auckland's best-read Sunday newspaper with a readership of 217,000. The introduction of the *Herald on Sunday* into the market has grown Sunday newspaper readership in Auckland by 30%. In its latest audit, the *Herald on Sunday* had a circulation of 91,076, well above expectation. Overall Sunday trading circulations have grown by 21% in New Zealand since the launch of the *Herald on Sunday*. Advertising volumes increased significantly over the year, with the *Herald on Sunday* doubling its volume share of the Sunday market to 40%. Cover price was increased to NZ\$2 from NZ\$1.80 on 4 September.

The Aucklander has grown its share of Auckland advertising volumes from 4% to 7% and is well placed to capitalise on strong readership figures, with 453,000 people reading the total household coverage "newszine" each week.

The New Zealand Woman's Weekly increased its circulation by 5% and was once again, the best-read magazine in New Zealand with a readership of 950,000 per week. The *New Zealand Listener* extended its lead in the current affairs sector with a readership of 323,000 per week.

Colour capacity at the Ellerslie print plant was doubled and the work completed on schedule in October.

REGIONAL NEWSPAPERS

In Australia and New Zealand, APN operates 23 regional daily newspapers and in excess of 100 non-daily titles concentrated in high growth markets across South East and Central Queensland, Northern New South Wales and the north part of the North Island in New Zealand. These markets have again delivered excellent growth with divisional revenues (pre NPI) increasing by 8% to A\$400.9 million and EBIT (pre NPI) by 12% to A\$112.3 million.

In Australia, employment and real estate recorded exceptional growth of 29% and 13% respectively. Growth in the high yielding employment pillar has been driven by the strategy of bringing together employment sections across our regional newspapers under the “Worksearch” brand in both print and online.

A growing part of our publishing strategy is the launch of new gloss lifestyle magazines. Magazines under the brand *Revive* have been launched in four of our largest regional markets. These high quality gloss publications target important market segments through a single umbrella brand, making them more attractive to national advertisers.

APN’s regional titles have led circulation growth over the last three years, with increases in thirteen out of the last fourteen circulation audits in Australia. Circulation figures to December 2005 were stable compared to September 2005 as a result of cover price increases introduced over the period.

The New Zealand titles experienced a strong year, with real estate and employment pillars growing 27% and 23% respectively. National revenues in the 44 community titles doubled in 2005, following the setting up of a national sales team reflecting strong advertiser interest in total market coverage community titles.

APN’s daily titles in the north of the North Island have continued their impressive growth, driven by steady population increases and strong economic activity. APN publishes the two fastest growing regional daily newspapers in New Zealand, the *Bay of Plenty Times* and the *Wanganui Chronicle*.

The ongoing masthead and content development programme benefited *Hawke’s Bay Today* and the *Wanganui Chronicle*. In Christchurch our six community titles were consolidated into four, under the single masthead of *The Star*.

RADIO

Radio operations in both Australia and New Zealand had another strong year growing divisional revenue by 7% to A\$264.1 million and EBIT by 15% to A\$82.0 million.

In Australia, the Australian Radio Network (ARN) had an outstanding year growing audience share through its two key brands *MIX* and *Classic Hits* and finishing the year in its strongest position ever, with number one FM stations in Sydney, Melbourne and Adelaide. In Sydney, the largest radio market in Australia, ARN is the number one network among its core demographic target group, listeners aged 25 to 54. ARN

successfully leveraged this improved ratings position into advertising market share gains. ARN's advertising market share increased to 26%, the 4th consecutive year of growth.

The Government announced its policy guidelines for the introduction of digital radio in October 2005. The plans will result in a phased rollout of digital radio and a six-year moratorium on the introduction of any new licences from the commencement of digital rollout.

ARN increased revenue by 8% and EBIT by 18% during the year.

The Radio Network's (TRN) audience share in the Auckland market has grown to 53% and across New Zealand as a whole to 47% confirming the company's position as the clear market leader and number one radio group in New Zealand. TRN has New Zealand's top talk and music networks: *Newstalk ZB* and *Classic Hits* and each week 54.9% of New Zealanders aged 10 and over listen to a TRN station. TRN has the top rating radio stations in Auckland and Christchurch. In April the *Easy Listening I* format was re-branded *Viva*, with a new format of talk and music aimed at the 40+ female audience. TRN has launched eight new stations during the year extending the reach of existing networks, taking the total number of stations at the end of 2005 to 117.

The two new formats introduced in 2004, *Flava* and *Coast* have continued to build on their impressive debuts and *Coast* stations have been launched into four new markets, Wellington, Taranaki, Manawatu and Southland.

Agreement was reached between the radio industry and the New Zealand Government over radio licence extensions during 2005. Radio licences in New Zealand are allocated through 20-year management rights with the current rights expiring in 2011. As part of the process the renewal will be offered to incumbent broadcasters at valuations to be determined. The total cost to TRN has however, been capped at a range between NZ\$45 and NZ\$50 million.

TRN in New Zealand increased revenue by 7% and EBIT by 10% during the year.

OUTDOOR

APN Outdoor has continued to take advantage of an integrated management model, established two years ago, to extract valuable synergies from a diversified portfolio of all the major Outdoor formats in five countries. Growth has occurred in all markets through a combination of site development, infrastructure asset tender wins and acquisition.

Revenues (pre NPI) have increased by 6% to A\$232.7 million and EBIT (pre NPI) by 17% to A\$22.4 million.

In Australia, APN Outdoor was successful in securing the prestigious Railcorp (NSW Rail assets), PTA (Perth rail assets - preferred tenderer) and Sydney Airport. In addition, APN Outdoor renewed Sydney Buses (preferred tenderer). Other contract gains included Yarra Trams and Adelaide Transport. These contracts represent the

premium Outdoor assets in Australia and their tenure will enable a platform for broadened scope and revenue growth.

During 2005 two strategic acquisitions, Adspace in Melbourne and the remaining 50% of Look Outdoor in New Zealand were completed.

The outdoor market for 2005 in Australia performed strongly with an 8% increase in media revenue. APN Outdoor's products outstripped market revenue growth and continued to lead the market.

Asia provided improved market conditions for each of our businesses in Malaysia, Indonesia and Hong Kong. Again growth was achieved by a combination of yield improvement and volume growth.

The final two transit contracts were secured in Hong Kong, ensuring Buspak now has total market coverage. This is expected to contribute positively in 2006.

APN ONLINE

Though not separately reported in 2005, APN has developed a significant online presence.

In New Zealand *nzherald.co.nz* is the most popular news web site and the 3rd most popular web site, whilst *The Aucklander* has introduced business to consumer online auctions with *bidnsave*. Online classifieds verticals have been established and are growing. The acquisition of the 2nd ranked *Netcheck* employment web site has been completed and the site is being fully integrated into the new *Search4jobs* brand. The *UBD* (business directories) and *Wises* (mapping) sites generate significant traffic providing an excellent platform into online directories.

These existing New Zealand businesses are expected to generate online revenues in excess of NZA\$10m in 2006.

The formation of the APN Online division will build on APN's existing Internet assets. The objective is to grow an online business of appropriate size and scale for a diverse multimedia company such as APN.

CAPITAL MANAGEMENT

The Company has been active in capital management during the period. In June we announced the Company's intention to buy-back up to 47 million shares over a 12-month period in anticipation of conversion of convertible notes. To date the Company has bought back 31.8 million shares for an aggregate price of A\$156.3 million at an average price of A\$4.93 per share. Shares on issue currently total 473.1 million. We expect the buy-back to remain earnings per share accretive.

To date, 18.8 million convertible notes, with a face value of A\$74.3 million have been converted into ordinary shares. This change means the face value of the notes on issue has fallen to A\$175.7 million.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

These full year results are reported under International Financial Reporting Standards (“A-IFRS”) for the first time. As part of the changes, comparative financial information has been restated in accordance with the transitional arrangements governing the introduction of A-IFRS.

Whilst the first time adoption of A-IFRS results in some changes to the group’s balance sheet it is important to appreciate that A-IFRS will not impact the group’s cash flows or its capacity to pay dividends.

DIVIDENDS

Directors have declared a final dividend of 15.4 cents per share, an increase of 10% on the previous year. This results in total dividends for the year amounting to 24.2 cents per share compared to 22 cents in the previous year. The final dividend, which will once again be 30% franked, is payable on 24 April 2006. Registrable transfers received by the Company up to the close of business on 6 April 2006 will be registered before entitlements to dividends are determined.

OUTLOOK

In recent years at the time of releasing the annual results, the Board has outlined its double digit earnings ambition for the following year. It is pleasing to report that the strength of APN’s markets and assets has enabled that ambition to be achieved each year.

The Board of APN believes that our portfolio of market leading brands in high growth markets will continue to produce good returns and that 2006 will be no exception.

Whilst it is too early to predict a fifth consecutive year of double digit earnings growth, the early part of the year is trading in line with our expectations and, given a continuation of current conditions, the Board believes that further significant earnings growth of at least five percent looks likely to be achieved.

-- ENDS --

23rd February 2006

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About APN

APN News & Media Limited [ASX,NZX:APN] is the publisher of *The New Zealand Herald* and is the largest operator of regional newspapers, radio broadcasting and outdoor advertising in Australasia. APN has been listed on the Australian Stock Exchange since 1992, and on the New Zealand Exchange since June 2004.

APN NEWS & MEDIA LIMITED
PRELIMINARY PROFITS ANNOUNCEMENT

	A\$000	A\$000	€000	€000
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
Turnover – Continuing Operations	<u>1,270,219</u>	<u>1,197,208</u>	<u>778,464</u>	<u>708,533</u>
Operating Profit				
– Continuing Operations	296,428	276,753	181,668	163,788
– Exceptional Items	<u>79</u>	<u>(1,868)</u>	<u>48</u>	<u>(1,106)</u>
Profit from Continuing Operations	296,507	274,885	181,716	162,682
Net Finance Charge	(64,927)	(62,477)	(39,791)	(36,975)
Share of Profit of Associates	<u>12,947</u>	<u>8,406</u>	<u>7,935</u>	<u>4,975</u>
Profit on Ordinary Activities before Taxation	244,527	220,814	149,860	130,682
Taxation	<u>(58,638)</u>	<u>(58,270)</u>	<u>(35,937)</u>	<u>(34,485)</u>
Profit on Ordinary Activities after Taxation	185,889	162,544	113,923	96,197
Minority Interests	<u>(36,229)</u>	<u>(33,133)</u>	<u>(22,203)</u>	<u>(19,609)</u>
Profit Attributable to Members of the Parent Entity	<u>149,660</u>	<u>129,411</u>	<u>91,720</u>	<u>76,588</u>
Basic Earnings per Share (cents)	31.1	27.1	19.1	16.0
Diluted Earnings Per Share (cents)	30.3	26.2	18.6	15.5

Profit & Loss Accounts translated at Average Rates
Average Exchange Rate 2004 €1 = A\$1.6897
Average Exchange Rate 2005 €1 = A\$1.6317

APN NEWS & MEDIA LIMITED
GROUP BALANCE SHEET

	A\$000	A\$000	€000	€000
	31 December	31 December	31 December	31 December
	2005	2004	2005	2004
Current Assets				
Cash and Cash Equivalents	68,934	108,292	42,737	61,917
Receivables	235,909	244,836	146,255	139,986
Inventories	30,193	23,813	18,719	13,615
Tax Assets	26,532	15,094	16,449	8,630
Other	<u>25,144</u>	<u>33,413</u>	<u>15,587</u>	<u>19,104</u>
Total Current Assets	<u>386,712</u>	<u>425,448</u>	<u>239,747</u>	<u>243,252</u>
Non-Current Assets				
Receivables	8,047	20,130	4,989	11,509
Other Financial Assets	17,296	22,392	10,723	12,803
Investments Accounted for Using the Equity Method	21,014	13,164	13,028	7,527
Property, Plant and Equipment	288,937	284,733	179,130	162,798
Intangible Assets	1,784,717	1,748,578	1,106,458	999,759
Deferred Tax Assets	33,377	60,331	20,692	34,495
Other	<u>-</u>	<u>9,273</u>	<u>-</u>	<u>5,301</u>
Total Non-Current Assets	<u>2,153,388</u>	<u>2,158,601</u>	<u>1,335,020</u>	<u>1,234,192</u>
Total Assets	<u>2,540,100</u>	<u>2,584,049</u>	<u>1,574,767</u>	<u>1,477,444</u>
Current Liabilities				
Payables	198,828	181,105	123,265	103,548
Derivative Financial Instruments	4,280	-	2,653	-
Interest Bearing Liabilities	87,232	23,284	54,081	13,313
Current Tax Provisions	4,371	7,225	2,710	4,131
Provisions	<u>12,220</u>	<u>18,300</u>	<u>7,576</u>	<u>10,463</u>
Total Current Liabilities	<u>306,931</u>	<u>229,914</u>	<u>190,285</u>	<u>131,455</u>
Non-Current Liabilities				
Interest Bearing Liabilities	752,356	874,684	466,433	500,105
Deferred Tax Liabilities	214,188	217,009	132,789	124,076
Provisions	<u>2,320</u>	<u>2,216</u>	<u>1,438</u>	<u>1,267</u>
Total Non-Current Liabilities	<u>968,864</u>	<u>1,093,909</u>	<u>600,660</u>	<u>625,448</u>
Total Liabilities	<u>1,275,795</u>	<u>1,323,823</u>	<u>790,945</u>	<u>756,903</u>
Net Assets	<u>1,264,305</u>	<u>1,260,226</u>	<u>783,822</u>	<u>720,541</u>
Equity				
Contributed Equity	918,155	963,565	569,222	550,923
Other Reserves	42,647	30,845	26,439	17,636
Retained Profits	<u>51,201</u>	<u>15,270</u>	<u>31,743</u>	<u>8,731</u>
Total Parent Entity Interest	1,012,003	1,009,680	627,404	577,290
Minority Interests	<u>252,302</u>	<u>250,546</u>	<u>156,418</u>	<u>143,251</u>
Total Equity	<u>1,264,305</u>	<u>1,260,226</u>	<u>783,822</u>	<u>720,541</u>

Balance Sheets translated at Closing Rates

Closing Exchange Rate December 2004 €1 = A\$1.7490

Closing Exchange Rate December 2005 €1 = A\$1.6130