

## INDEPENDENT NEWS & MEDIA PLC

### APN NEWS & MEDIA LIMITED - RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

#### *Net Profit After Tax Increases 17% to Record A\$66.1 million*

APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 39.7% shareholding, today announced a record Net Profit After Tax of A\$66.1 million for the 6 months ended June 30 2005, up 17% on the prior year.

Profit Before Tax increased 14% to A\$109.4 million, on an increase in Group Revenue of 10% to A\$652 million, and an increase in EBIT, before New Product Initiatives (NPIs), of 15% to \$147.5 million. Basic earnings per share were 13.7 cents, an increase of 15%.

The Directors have declared a 10% increase in the interim dividend to 8.8 cents per share.

APN Chief Executive Brendan Hopkins said: "We believe these are a high quality set of numbers. Key to the result was the strong first half performance from our Newspaper and Radio Divisions and an improved performance from Outdoor.

"The results are after significant investment in a range of NPIs totaling over \$7 million. It is pleasing to report that two of these initiatives, *Canvas* and *Tribe Outdoor*, are now nearing profitability. The *Herald on Sunday*, *The Aucklander* and *Buspak Hong Kong* represent our principal initiatives in the first half and are expected to continue in their investment phase for another 12 to 18 months.

"Early results for the second half are as anticipated with underlying growth rates moderating as trading is set against the strong 2004 second half comparisons.

"The Board of APN continues to believe that, providing current trading conditions continue, the objective of double digit profit growth for the year as a whole will be achieved."

## Divisional EBIT Results

APN Group EBIT (AUD million)	June 30 2005	June 30 2004 *	% Growth
Publishing	106.5	92.9	15%
New Zealand National Publishing	52.7	46.4	14%
Regional Newspapers	53.8	46.5	16%
Radio	35.3	27.6	28%
Outdoor	6.7	6.2	8%
Print	2.9	3.9	(27%)
Corporate	(3.9)	(2.1)	(86%)
<b>Group EBIT (pre-NPI)</b>	<b>147.5</b>	<b>128.5</b>	<b>15%</b>
NPI	(7.3)	(1.6)	-
<b>Group EBIT</b>	<b>140.2</b>	<b>126.9</b>	<b>10%</b>

NPI = New Product Initiatives

\* IFRS-adjusted

### New Zealand National Publishing (NZNP)

The NZNP Division was formed in 2004 to enable the Group to co-ordinate a strategy for the Auckland market as a whole, New Zealand's largest metropolitan market.

The division includes the *New Zealand Herald*, *The Aucklander* (launched in October 2003), the *Herald on Sunday* (October 2004), and some of New Zealand's best read magazines.

Readership penetration of APN products in the Auckland market has increased from 56% in 2002 to 68% at June 2005 reflecting the success of the co-ordinated strategy.

Excluding NPIs, principally the *Herald on Sunday* and *The Aucklander*, the Division grew revenue by 9% and increased EBIT by 14%. Overall revenues, including NPIs, grew 12%.

Each week *The New Zealand Herald* is read by 70% of Aucklanders aged 15+, a total readership of 1 million people. The *Weekend Herald* is New Zealand's best read newspaper with a readership of 679,000.

The launch of the *Herald on Sunday* in October 2004 extended *The New Zealand Herald's* franchise to seven days a week. In its first six months, circulation has exceeded expectations, reaching 101,355 in its first audit, with readership of 363,000. Readership of Sunday newspapers in Auckland overall has grown by 58% since the launch of the *Herald on Sunday*. 93% of *Herald on Sunday* subscriptions are now fully paid.

*The Aucklander* is New Zealand's largest circulating free weekly title and has just been expanded into seven zoned editions. *The Aucklander* has a readership of 453,000 and has now attained advertising market leadership in the food sector and is making good progress in the areas of retail and employment.

*The Listener* and the *New Zealand Woman's Weekly* magazines both grew subscription levels in the first half. *Creme*, New Zealand's fastest growing teen magazine was acquired during the year.

The Auckland market growth has moderated in recent weeks particularly in classified lineage. In contrast, classified display, national and retail advertising continues to show volume growth. Regional New Zealand continues to show good growth across all advertising categories.

The recent moderation in classified lineage follows on from three years of strong growth. The forthcoming election (September 17<sup>th</sup>) may also be a contributing factor affecting the Auckland market.

### **Regional Newspapers**

The Company operates 23 regional daily newspapers and more than 100 non-daily titles, which continued to trade well in the first half in both Australia and New Zealand. Excluding NPIs, revenue increased by 8% and EBIT by 16%.

The advertising pillars of employment and real estate recorded strong revenue increases in both markets. Employment advertising revenues in particular performed well, growing by 36% in Australia and 30% in New Zealand over the prior period. A strategy to introduce a unified employment section across APN's main Australian titles – the "Recruitment Superhighway" - under the in-paper employment banner, "Worksearch", has been well received by readers and advertisers. New non-daily products were introduced in the high growth Sunshine Coast and south-western Brisbane areas, leveraging existing infrastructure in Maroochydore and Ipswich.

Circulation of Australian newspapers was up 0.2% in the audit survey for the six months to June – the thirteenth consecutive quarterly circulation increase for the Group. The group publishes the four fastest growing daily newspapers in Australia (Mon to Sat Average): *The Daily Examiner* (3.4%), *The Daily Mercury* (3.1%), *News Mail* (2.9%) and the *Gympie Times* (2.2%) and now own seven out of the ten fastest growing newspapers in Australia.

Circulation for New Zealand Regional Newspapers was also positive. APN publishes the two fastest growing newspapers in New Zealand: *Bay of Plenty Times* (1.6%) and the *Wanganui Chronicle* (1.4%). *Bay of Plenty Times* has consistently been the fastest growing newspaper in New Zealand over the past three years.

The A\$35 million new printing facility announced last year on the Sunshine Coast at Yandina, is on target to be operational mid-2006. This facility will service the high growth South East Queensland market well into the next decade. In conjunction with the press investment, a A\$14 million pre-press system upgrade is being rolled out across all Australian regional centres.

Whilst Auckland's rate of growth has moderated, we continue to enjoy good revenue increases in our regional newspapers in both Australia and New Zealand.

### **Radio**

The radio division continues to show good growth. In the six months to June, total revenues increased 14% and EBIT increased a very satisfactory 28%.

In Australia, the Australian Radio Network (ARN) continued to reap the benefit of good ratings results in its target 25-54 demographic. Market share of agency advertising in

the first half performed well and has increased by 56% since June 2002. ARN's revenue increased by 14% to A\$69.9 million and EBIT was up 30% to A\$22.0 million. Combined with its ongoing market leading position in direct advertising, ARN is well placed to continue profit growth into the second half.

The Radio Network (TRN) in New Zealand enjoyed good success with the launch of the new formats, *Coast* and *Flava* into the Auckland market last year, *Coast* is already Number 3 and *Flava* Number 4. TRN continues its aggressive rollout of its eight formats throughout New Zealand. During the half the Company launched *Classic Hits* into Central Otago and *Coast* into Taranaki and Manuatu. *Easy Listening I* was re-branded as *Viva* in April and has relaunched in Auckland, Bay of Plenty, Hawkes Bay and Rotorua. TRN grew revenue by 13% to A\$56.4 million and increased EBIT by 24% to A\$13.3 million.

### **Outdoor**

The restructure of APN Outdoor continued to deliver improved results in the first half. Revenue, excluding NPIS, grew by 8% to A\$106.2 million and EBIT grew by 8% to A\$6.7 million.

During the period the group expanded panel numbers and added concessions in Australia including the prestigious Sydney Airports Corporation, Yarra trams and Adelaide buses. At the same time uneconomic sites and advertising contracts continued to be renegotiated and rationalised.

In New Zealand the street furniture build-out continues, with 3,000 panels now installed nationally. APN Outdoor has been awarded the remaining two out of three transit contracts in Hong Kong.

The acquisition of the remaining 50% of Look Outdoor in New Zealand was completed during the period.

The Outdoor Division remains on track for the forecasted improvement in 2006.

### **Print**

Revenue in the Print & Specialist Publishing Division declined by 10% to A\$44.8 million and EBIT declined by 27% to A\$2.9 million.

The New Zealand print market is presently experiencing an excess of printing capacity after virtually all participants added to their asset base during the buoyant trading conditions of the last couple of years. This has resulted in short-term pressure on margins.

APN Print is moving to a full service model, which will mean internal APN activity will represent an increasing proportion of the division's focus.

### **Share Buy-Back**

In relation to the on market share buy-back announced during the first half, to date the company has bought back 6 million shares for an aggregate price of A\$31.2 million. Mr. Hopkins said: "We are satisfied with the progress in the first two months of the buy-back. We have announced our intention to buy back up to 47 million shares in 12

months, so we are well underway with this important capital management initiative. The buy-back will be earnings per share accretive.”

### **International Financial Reporting Standards**

These 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.

The introduction of A-IFRS is expected to have a positive impact on future reported results, principally relating to the removal of the requirement to amortise goodwill.

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.

### **Outlook**

Results for the early weeks of the second half are as expected with underlying growth rates moderating as trading is set against strong second half 2004 comparisons. The Board of APN continues to believe that, providing current conditions continue, the objective of double-digit profit growth for the year as a whole will be achieved.

The interim dividend of 8.8 cents per share will be franked as to 30% and is payable on 27<sup>th</sup> September 2005. Registrable transfers received by the Company up to the close of business on 13<sup>th</sup> September 2005 will be registered before entitlements to dividends are determined. Books will close on 13<sup>th</sup> September 2005.

-- ENDS --

16<sup>th</sup> August 2005

(Full details of APN’s results (including information on the transition to International Financial Reporting Standards) can be found at [www.apn.com.au/fileRep/rad815nt.pdf](http://www.apn.com.au/fileRep/rad815nt.pdf) ).

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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
	30 June 2005	30 June 2004	30 June 2005	30 June 2004
Turnover – Continuing Operations	<u>639,514</u>	<u>586,067</u>	<u>384,832</u>	<u>354,076</u>
Operating Profit				
– Continuing Operations	136,261	124,983	81,996	75,509
– Exceptional Items	<u>–</u>	<u>(1,868)</u>	<u>–</u>	<u>(1,129)</u>
Profit from Continuing Operations	136,261	123,115	81,996	74,380
Net Finance Charge	(30,800)	(30,998)	(18,534)	(18,728)
Share of Profit of Associates	<u>3,903</u>	<u>1,916</u>	<u>2,349</u>	<u>1,158</u>
Profit on Ordinary Activities before Taxation	109,364	94,033	65,811	56,810
Taxation	<u>(26,890)</u>	<u>(23,492)</u>	<u>(16,181)</u>	<u>(14,193)</u>
Profit on Ordinary Activities after Taxation	82,474	70,541	49,630	42,617
Minority Interests	<u>(16,396)</u>	<u>(14,110)</u>	<u>(9,866)</u>	<u>(8,525)</u>
Profit Attributable to Members of the Parent Entity	<u>66,078</u>	<u>56,431</u>	<u>39,764</u>	<u>34,092</u>
Basic Earnings per Share (cents)	<u>13.7</u>	<u>11.9</u>	<u>8.2</u>	<u>7.2</u>
Diluted Earnings Per Share (cents)	<u>13.2</u>	<u>11.9</u>	<u>7.9</u>	<u>7.2</u>

Profit & Loss Accounts translated at Average Rates

Average Exchange Rate 2004 €1 = A\$1.6552

Average Exchange Rate 2005 €1 = A\$1.6618

**APN NEWS & MEDIA LIMITED**  
**GROUP BALANCE SHEET**

	A\$000	A\$000	€000	€000
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
<b>Current Assets</b>				
Cash and Cash Equivalents	212,429	108,292	133,822	61,917
Receivables	237,052	244,836	149,334	139,986
Inventories	26,441	23,813	16,657	13,615
Tax Assets	16,318	15,094	10,280	8,630
Other	<u>30,309</u>	<u>33,413</u>	<u>19,091</u>	<u>19,104</u>
Total Current Assets	<u>522,549</u>	<u>425,448</u>	<u>329,184</u>	<u>243,252</u>
<b>Non-Current Assets</b>				
Receivables	14,263	20,130	8,985	11,509
Other Financial Assets	29,531	22,392	18,603	12,803
Investments Accounted for Using the Equity Method	15,395	13,164	9,698	7,527
Property, Plant and Equipment	279,833	284,733	176,284	162,798
Intangible Assets	1,737,103	1,748,578	1,094,307	999,759
Deferred Tax Assets	40,504	60,331	25,517	34,495
Other	<u>-</u>	<u>9,273</u>	<u>-</u>	<u>5,301</u>
Total Non-Current Assets	<u>2,116,629</u>	<u>2,158,601</u>	<u>1,333,394</u>	<u>1,234,192</u>
<b>Total Assets</b>	<b><u>2,639,178</u></b>	<b><u>2,584,049</u></b>	<b><u>1,662,578</u></b>	<b><u>1,477,444</u></b>
<b>Current Liabilities</b>				
Payables	182,253	181,105	114,812	103,548
Derivative Financial Instruments	5,619	-	3,540	-
Interest Bearing Liabilities	82,845	23,284	52,189	13,313
Current Tax Provisions	7,849	7,225	4,945	4,131
Provisions	<u>15,771</u>	<u>18,300</u>	<u>9,934</u>	<u>10,463</u>
Total Current Liabilities	<u>294,337</u>	<u>229,914</u>	<u>185,420</u>	<u>131,455</u>
<b>Non-Current Liabilities</b>				
Interest Bearing Liabilities	885,428	874,684	557,785	500,106
Deferred Tax Liabilities	209,843	217,009	132,193	124,075
Provisions	<u>2,260</u>	<u>2,216</u>	<u>1,424</u>	<u>1,267</u>
Total Non-Current Liabilities	<u>1,097,531</u>	<u>1,093,909</u>	<u>691,402</u>	<u>625,448</u>
<b>Total Liabilities</b>	<b><u>1,391,868</u></b>	<b><u>1,323,823</u></b>	<b><u>876,822</u></b>	<b><u>756,903</u></b>
<b>Net Assets</b>	<b><u>1,247,310</u></b>	<b><u>1,260,226</u></b>	<b><u>785,756</u></b>	<b><u>720,541</u></b>
<b>Equity</b>				
Contributed Equity	960,017	965,165	604,773	551,838
Reserves	32,221	34,705	20,298	19,843
Retained Profits	<u>4,372</u>	<u>9,810</u>	<u>2,754</u>	<u>5,609</u>
Total Parent Entity Interest	996,610	1,009,680	627,825	577,290
Minority Interest	<u>250,700</u>	<u>250,546</u>	<u>157,931</u>	<u>143,251</u>
<b>Total Equity</b>	<b><u>1,247,310</u></b>	<b><u>1,260,226</u></b>	<b><u>785,756</u></b>	<b><u>720,541</u></b>

Balance Sheets translated at Closing Rates

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

Closing Exchange Rate June 2005 €1 = A\$1.5874