



Independent News & Media PLC

APN NEWS & MEDIA LIMITED – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

APN Delivers 10% Earnings Per Share Growth and 7% increase
in Net Profit After Tax in Record 2006 Result

Dublin/London – 20th February 2007: APN News & Media Ltd [‘APN’], in which Independent News & Media PLC [‘INM’] has a 41.6% shareholding, today announced a record Net Profit After Tax for the 2006 Financial Year of A\$159.5 million, a 7% increase on the prior year. Earnings Per Share during the period grew 10%.

Results Summary	A\$ million	Growth As reported	Growth Currency adj.
Underlying Trading Revenue	1,268.6	(2%)	2%
EBIT pre Non-Recurring Items (‘NRI’)	314.2	2%	5%
NPAT post NRI	159.5	7%	12%
Earnings Per Share post NRI – Basic	34.3 cents	10%	

APN Chief Executive Brendan Hopkins said: “2006 was a challenging year, particularly in the middle two quarters. Queensland recorded good growth, while the markets of Auckland, Sydney and Melbourne were flat to negative. Despite this we have recorded a satisfactory trading result and, with effective capital management, have delivered an acceptable outcome for shareholders.

“We are particularly pleased with our Australian Publishing and Outdoor results, the latter, as foreshadowed, assisted by the end of a number of uneconomic contracts.

“In New Zealand we saw the continued improvement in the Herald on Sunday, which remains on target to move into profitability by the end of 2007. Readership numbers across all major titles performed well, with market share being retained across all major advertising categories. In general, the advertising market was sluggish, particularly in retail and employment.

“Radio recorded a satisfactory result in difficult trading conditions, particularly in Sydney and Auckland. The Sydney radio market was down by over 5% and Auckland was also negative.

“Continued investment in new product initiatives was concentrated mainly in the newly formed Online division, where we initiated a number of exciting new projects including joint ventures with Finda (Auckland Directory), ACP (free classified listings) as well as establishing search4jobs as the clear number two in the Online jobs market in Auckland. Together with a number of non-daily publications acquired in Queensland, investments totalled A\$22m.

“Our capital management programme has allowed us to record a 10% increase in EPS post-NRI despite the tougher trading conditions. Whilst the A\$275m we have spent to date on the share buy back has reduced the reported NPAT, it has been value accretive to shareholders.”

Shareholders would be aware that on February 12 2007 the Company received an offer by a consortium to acquire all of its shares at A\$6.10 per share by way of a Scheme of Arrangement, to be voted on by shareholders. An independent sub-committee of the Board of APN News & Media has recommended the offer in the absence of a superior proposal. A meeting is expected to be held in late April, where shareholders will vote on the proposed Scheme. Full particulars of the Scheme will be set out in documents expected to be mailed to shareholders in late March 2007.

Chairman of the independent sub-committee Mr Ted Harris said: “The results announced today confirm the information available to the independent sub-committee in reaching its view about the merits of the offer. We remain of the view that the offer is in shareholders’ best interests and we recommend all shareholders vote in favour of the proposal.”

As the offer to shareholders is inclusive of any final dividend, no dividend will be paid to shareholders, pending the outcome of the Scheme meeting.

Divisional EBIT results

(AUD million)	FY2006	FY2005	Reported Growth %	Local currency Growth %
Publishing	215.6	215.9	0%	4%
- <i>Regional Publishing</i>	119.1	112.3	6%	8%
- <i>NZ National Publishing</i>	96.5	103.6	(7%)	0%
Radio	82.9	82.0	1%	3%
Outdoor	32.9	23.4	41%	42%
Corporate & Other	(12.5)	(10.7)		
Group EBIT(pre NRI & NPI)	318.9	310.6	3%	7%
NPI (New Product Initiatives)	(7.5)	(2.9)		
- <i>Online</i>	(4.1)	0.5		
- <i>Other</i>	(3.4)	(3.4)		
Businesses disposed/closed	2.8	1.7		
Group EBIT (pre NRI)	314.2	309.4	2%	5%
NRI	(0.7)	0.1		
Total EBIT	313.5	309.5	1%	5%

Regional Publishing

APN publishes 23 regional daily newspapers and more than 100 non-daily publications across high growth markets in Australia and New Zealand. Regional Publishing again performed well, growing EBIT by 6% on the back of strong growth in the prior year. Adjusting for currency, EBIT growth was 8%.

In Australia, the strong local economies of Queensland continued to deliver good growth. Unemployment continued at 30-year lows across most of APN’s regional markets. Strength in resource exports and a long pipeline of government-backed infrastructure projects across the State indicate positive conditions should continue for the foreseeable future.

A number of strategic acquisitions were completed in 2006 that will extend APN Australian Publishing's footprint from Coffs Harbour in the south to Cairns in the north. These include Style magazines (Brisbane), CityLife magazines (Cairns, Townsville and Mackay), The Reporter (Logan City), The Isis Town & Country (Childers), Island and Mainland News (Bribie Island), Buderim Chronicle, The Range News (Maleny) and City News (Caloundra).

The division also extended its employment offering to advertisers with the launch of Queensland On Show, a jobs expo aimed at attracting skilled workers to move to Queensland. The inaugural show, conducted in partnership with the Queensland Government, was held in Sydney in August 2006 and resulted in 1,000 job offers being made. Similar expos will be held in Melbourne and Sydney this year.

In New Zealand, strong property sales in the majority of APN's markets underpinned the Regional Publishing performance in 2006. Property advertising grew by 14% year on year, the fourth consecutive year of double-digit growth in this category. Readership and circulation results for the regional newspapers were also encouraging. Audit Bureau of Circulation figures for the 12 months to March 2006 showed that the Bay of Plenty Times and The Northern Advocate at Whangarei were the fastest-growing titles with a circulation of more than 10,000.

New Zealand National Publishing (NZNP)

NZNP comprises The New Zealand Herald, the Herald on Sunday, The Aucklander and New Zealand Magazines.

The division's 2006 outcome was adversely affected by the inclusion of commercial printing in the final result. Excluding commercial printing, trading by the publishing assets recorded a 3% increase in EBIT on a local currency basis, despite a 3% fall in revenue over the prior year.

Readership figures for all titles were encouraging, with the New Zealand Herald and the Herald on Sunday in particular growing reader numbers following the introduction of innovative new sections. The Weekend Herald remains the most read newspaper in New Zealand, with a readership of 631,000 and the Herald on Sunday is the best read Sunday newspaper in Auckland. Over 6 out of 10 Aucklanders read The New Zealand Herald every week, by far the highest penetration of any metropolitan newspaper in New Zealand and one of the largest metropolitan readership penetrations in the world.

The New Zealand Publishing division introduced a new structure to align sales, editorial and marketing teams across the total New Zealand division. Major projects included the establishment of a regional call centre in the Bay of Plenty and the hubbing of pre-press production centres around the Company's five press sites – Auckland, Tauranga, Hawke's Bay, Wanganui and Christchurch.

Online

The investment phase in the newly-formed Online division continued as APN extended its strong brand presence into new media ventures. The New Zealand Herald website continued to be the cornerstone asset for the division, growing online display advertising by 57%. The site is the most popular news website in New Zealand, attracting more than 500,000 unique visitors and generating more than 6.2 million page impressions each week.

The division also completed a number of joint ventures into important growth sectors in New Zealand, including the local directory search business apnfinda and, with ACP, the online classifieds business sellmefree.

Search4jobs has quickly established itself as the fastest growing jobs website in New Zealand and is in clear second place in the market, with advertising volumes continuing to grow. The search4 brand has also been extended to Australia, where search4cars and search4stuff were successfully launched during the year.

Radio

The Radio division delivered a solid result in the face of challenging market conditions, particularly in Sydney and in New Zealand. Tight cost control in the second half produced a full year growth in EBIT of 1%. Adjusting for currency, EBIT growth was 3%. In Australia, ongoing work on programming was rewarded with good ratings results which in turn drove market share growth in agency advertising sales. Since 2002, the Australian Radio Network has grown agency revenue by 87% and increased its overall agency market share by 37%. In 2006, new retail business initiatives targeting non-traditional users of radio advertising grew revenue in this category by 14%. In New Zealand, The Radio Network continued as market leader, operating four of the top five stations in the Auckland market. Radio brands were extended into Gisborne, Blenheim and Tokoroa and regional audience shares reached record highs in the important markets of Hawke's Bay, Southland, Tauranga and Taranaki.

Outdoor

The Outdoor division returned a good result, growing EBIT by 41% over the prior year. The end to a number of uneconomic contracts, the successful retention of key contracts and the acquisition of new business combined to produce a very positive outcome. The Adshel street furniture business increased its market share in the fastest growing Outdoor category and expanded its product offering to advertisers through innovative use of new technology. The Outdoor category in Australia as a whole grew 6.5% in 2006 and APN maintained its market leadership in all the main Outdoor categories. Considerable time was invested in preparing for the introduction of an audience measurement system for the industry, which should be in place in 2008.

In New Zealand, APN Outdoor enjoyed a positive year despite a slowing national economy. Centralisation of the Look Outdoor and Buspak operations provided a single point of contact for advertisers and brought trans-Tasman advantages to the division.

In Asia, local economic growth contributed to strong sales performances in the region, and the commercial environments provide improved market conditions for each of APN's businesses in Malaysia, Indonesia and Hong Kong. Profit growth was generated through a combination of yield improvement and increased inventory. Kurnia Outdoor in Malaysia has invested in the supersite market and has attracted strong advertiser support. Rainbow Indonesia leads its market and, following cost-saving measures, is creating strong revenue growth. In Hong Kong, the Buspak and Cody businesses manage some of the best outdoor assets in the world.

Capital Expenditure Programme

The Company is committed to using its capital to maintain modern and efficient systems that enable business improvement programmes to progress. Over the past two years, the Company

has announced a number of capital investment and other initiatives that will involve substantial redundancies.

The principal element is the upgrading of production facilities in regional publishing centres in Australia and New Zealand. New press centres are already operational at Yandina and Bundaberg and commitments have been made for new centres in Rockhampton, Toowoomba and Lismore. The existing facility at Mackay will also be upgraded.

In addition, advertising and editorial systems are being upgraded across all publishing centres in Australia following on from the upgrade already completed in New Zealand. Further developments in centralised advertising services and revenue call centres are also underway for completion by the end of 2007. Additional production upgrades are planned for regional centres in New Zealand in 2008.

In Outdoor, a new integrated advertising system servicing all Australian formats will be completed by June.

Total capital expenditure for 2006 was just over A\$60m. The completion of the programme is expected to involve capital expenditure of a further A\$65m in 2007, in addition to the regular capital replacement spend of A\$20m. As with 2006, the Company expects that additional non capital expenditure costs of the restructure programme will be offset by asset disposals.

The financial benefits of this programme have had only limited impact on the 2006 result and are expected to augment the financial performance of what might otherwise be a continuation of subdued performance in our markets in 2007.

Costs

Costs have been well contained during the year, down 1% year on year. Only the Regional Publishing division recorded increases in underlying costs year on year, which reflects the strong revenue growth enjoyed in the Australian regional markets.

Certain costs have been treated as non recurring, including more than A\$14m of redundancy costs associated with the capital expenditure programme and A\$6m of establishment and launch costs within the Online division.

Capital Management

The Company's capital management programme has been effective in 2006. A\$140m was spent during the year buying back 27.8m shares, taking the total spent since the buy back commenced in June 2005 to A\$275m.

During the year 6.7m convertible notes, issued in 2001, converted into ordinary shares.

The changes to the Company's capital base added additional interest charges of A\$5m after tax for the year and had the effect of reducing the increase in NPAT that would otherwise have been recorded. On a constant capital basis NPAT would have increased from the reported growth of 7% to 10%.

A Notice of Early Redemption Event has been dispatched to note holders following the offer for APN shares announced on 12 February 2007. This means the remaining 37.8m notes will be converted by end of April (or else redeemed) which will have a dilutive impact on EPS for

2007 if the Scheme does not proceed. The share buy back has been suspended pending the outcome of the Scheme proposal.

Outlook

Following the proposal by the INM-led Consortium to acquire all the shares in APN, detailed disclosures in a Scheme Booklet and Independent Expert's Report will be sent to APN shareholders in late March to enable shareholders to form a view about the offer.

APN notes that at the time the offer was announced on 12 February 2007, the average of estimated 2007 EBITDA for APN by leading research analysts¹ was A\$373m. The Board is mindful of this consensus forecast and does not consider it appropriate to offer any further guidance at this time.

For the 2007 year to date, trading is in line with expectations and with the prior year.

¹ ABN AMRO, Citigroup, Credit Suisse, Deutsche, JP Morgan, Macquarie, Merrill Lynch, Morgan Stanley, UBS

ENDS.

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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	31 December	31 December	31 December
	2006	2005	2006	2005
Turnover – Continuing Operations	<u>1,236,484</u>	<u>1,270,219</u>	<u>741,609</u>	<u>778,464</u>
Operating Profit				
– Continuing Operations	302,568	296,428	181,472	181,668
– Exceptional Items	<u>(682)</u>	<u>79</u>	<u>(409)</u>	<u>48</u>
Profit from Continuing Operations	301,886	296,507	181,063	181,716
Net Finance Charge	(65,618)	(64,927)	(39,356)	(39,791)
Share of Profit of Associates	<u>11,591</u>	<u>12,947</u>	<u>6,952</u>	<u>7,935</u>
Profit on Ordinary Activities before Taxation	247,859	244,527	148,659	149,860
Taxation	<u>(49,361)</u>	<u>(58,638)</u>	<u>(29,605)</u>	<u>(35,937)</u>
Profit on Ordinary Activities after Taxation	198,498	185,889	119,054	113,923
Minority Interests	<u>(38,975)</u>	<u>(36,229)</u>	<u>(23,376)</u>	<u>(22,203)</u>
Profit Attributable to Members of the Parent Entity	<u>159,523</u>	<u>149,660</u>	<u>95,678</u>	<u>91,720</u>
Basic Earnings per Share (cents)	34.3	31.1	20.6	19.1
Diluted Earnings Per Share (cents)	32.9	30.3	19.7	18.6

Profit & Loss Accounts translated at Average Rates
Average Exchange Rate 2005 €1 = A\$1.6317
Average Exchange Rate 2006 €1 = A\$1.6673

APN NEWS & MEDIA LIMITED
GROUP BALANCE SHEET

	A\$000 31 December 2006	A\$000 31 December 2005	€000 31 December 2006	€000 31 December 2005
Current Assets				
Cash and Cash Equivalents	70,681	68,934	42,248	42,737
Receivables	223,702	235,909	133,713	146,255
Inventories	21,939	30,193	13,114	18,719
Tax Assets	24,861	26,532	14,860	16,449
Other	<u>28,120</u>	<u>25,144</u>	<u>16,807</u>	<u>15,587</u>
Total Current Assets	<u>369,303</u>	<u>386,712</u>	<u>220,742</u>	<u>239,747</u>
Non-Current Assets				
Receivables	7,174	8,047	4,288	4,989
Other Financial Assets	22,696	17,296	13,566	10,723
Investments Accounted for Using the Equity Method	25,703	19,488	15,363	12,082
Property, Plant and Equipment	292,605	288,937	174,898	179,130
Intangible Assets	1,740,614	1,784,717	1,040,415	1,106,459
Deferred Tax Assets	<u>36,471</u>	<u>35,375</u>	<u>21,799</u>	<u>21,931</u>
Total Non-Current Assets	<u>2,125,263</u>	<u>2,153,860</u>	<u>1,270,329</u>	<u>1,335,314</u>
Total Assets	<u>2,494,566</u>	<u>2,540,572</u>	<u>1,491,071</u>	<u>1,575,061</u>
Current Liabilities				
Payables	197,295	199,546	117,929	123,711
Derivative Financial Instruments	3,418	4,280	2,043	2,653
Interest Bearing Liabilities	89,414	87,232	53,445	54,081
Current Tax Provisions	5,299	4,371	3,167	2,710
Provisions	<u>14,108</u>	<u>12,220</u>	<u>8,433</u>	<u>7,576</u>
Total Current Liabilities	<u>309,534</u>	<u>307,649</u>	<u>185,017</u>	<u>190,731</u>
Non-Current Liabilities				
Payables	5,558	6,613	3,322	4,100
Interest Bearing Liabilities	801,593	752,356	479,135	466,433
Deferred Tax Liabilities	203,380	214,188	121,566	132,789
Provisions	<u>2,159</u>	<u>2,320</u>	<u>1,290</u>	<u>1,438</u>
Total Non-Current Liabilities	<u>1,012,690</u>	<u>975,477</u>	<u>605,313</u>	<u>604,760</u>
Total Liabilities	<u>1,322,224</u>	<u>1,283,126</u>	<u>790,330</u>	<u>795,491</u>
Net Assets	<u>1,172,342</u>	<u>1,257,446</u>	<u>700,741</u>	<u>779,570</u>
Equity				
Contributed Equity	817,579	918,155	488,690	569,222
Other Reserves	25,497	42,647	15,239	26,440
Retained Profits	<u>86,559</u>	<u>44,342</u>	<u>51,739</u>	<u>27,490</u>
Total Parent Entity Interest	929,635	1,005,144	555,668	623,152
Minority Interests	<u>242,707</u>	<u>252,302</u>	<u>145,073</u>	<u>156,418</u>
Total Equity	<u>1,172,342</u>	<u>1,257,446</u>	<u>700,741</u>	<u>779,570</u>

Balance Sheets translated at Closing Rates
Closing Exchange Rate December 2005 €1 = A\$1.6130
Closing Exchange Rate December 2006 €1 = A\$1.6730