



Independent News & Media PLC

APN NEWS & MEDIA LIMITED - RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

Record APN Interim Profit up 9% with Earnings Per Share up 12% and Dividend Per Share up 10%

APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 41.8% shareholding, today announced a record Interim Net Profit After Tax and after NRIs of A\$72.1 million for the 6 months ended June 30 2006, up 9% on the prior year.

Basic Earnings Per Share were 15.3 cents, an increase of 12%.

| | \$A million | Growth <i>Currency adjusted</i> |
|---------------------------------------------------|--------------------|-------------------------------------------|
| Trading Revenue from continuing operations | 638.5 | +3% |
| EBIT pre NRI | 142.7 | +6% |
| | | <i>As Reported</i> |
| NPAT post NRI | 72.1 | +9% |
| Earnings Per Share – Basic | 15.3c | +12% |
| Dividend Per Share | 9.7c | +10% |

The Directors have today declared a 10% increase in the Interim Dividend to 9.7 cents per share.

Excluding the impact of the buyback on interest expense, profit after tax for the half year would have increased by 15%.

APN Chief Executive Brendan Hopkins said: “We are pleased with this result and we remain confident of delivering another record result for the full year. In particular, Queensland continues to show good growth and our Outdoor business is confirming our previous forecasts of strong growth now that we have seen the end of a number of uneconomic contracts.

“We continue to invest in New Product Initiatives and this period saw significant investment in our Online Division where we have attracted a high quality team that has already launched a number of new initiatives. In particular *search4jobs* in only its third month is already New Zealand’s second largest online job site.

“Whilst the New Zealand economy has contracted in the second quarter in particular – with its currency having depreciated by 14% against the Australian dollar – in local currency terms our businesses recorded satisfactory growth in profitability during the first half.

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“The Company’s capital management programme has also delivered significant returns to shareholders. To date the buyback has been accretive to Earnings Per Share whilst maintaining an appropriate level of gearing in the Company. The Company expects a significant number of convertible note holders to elect to convert at the next opportunity, namely October 2006. In anticipation of this occurring we recently advised that the buyback would be extended from the original 47 million shares to a total of up to 65 million shares.”

Divisional EBIT results

After NRIs, EBIT grew 9% on a constant currency basis with all divisions recording growth.

| APN Group EBIT (AUD million) | June 30 2006 | June 30 2005 | Reported Growth % | Constant currency Growth % |
|-----------------------------------------|-----------------|-----------------|----------------------|----------------------------------|
| Publishing | 104.9 | 102.9 | 2% | 6% |
| <i>Regional Publishing</i> | 56.9 | 53.8 | 6% | 8% |
| <i>New Zealand National Publishing</i> | 48.0 | 49.1 | (2%) | 4% |
| Radio | 35.9 | 35.3 | 2% | 4% |
| Outdoor | 9.8 | 6.6 | 49% | 50% |
| Corporate & Other | (3.7) | (1.9) | 98% | 95% |
| Group EBIT(pre NRI & NPI) | 146.9 | 142.9 | 3% | 7% |
| NPI (New Product Initiatives) | (4.2) | (2.7) | | |
| <i>Online</i> | (1.8) | (0.1) | | |
| <i>Other</i> | (2.4) | (2.6) | | |
| Group Trading (pre NRI) | 142.7 | 140.2 | 2% | 6% |
| Non-Recurring Items (NRI) | 4.2 | | | |
| Total | 146.9 | 140.2 | 5% | 9% |

Regional Publishing

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

Unemployment continues at near record lows across most of APN’s regional markets in Australia. The launch of the combined Worksearch print and online products has provided advertisers with enhanced opportunities to reach jobseekers across Queensland and northern New South Wales and was instrumental in achieving the 18% increase in employment advertising in the first half.

Continued population growth associated with the ongoing resources and construction boom in Queensland has supported growth in Real Estate advertising, particularly in Toowoomba, Mackay and Rockhampton. The category grew 13% in the first half, on the back of double digit increases in each of the prior three years.

Similarly, in New Zealand the regional property market remains buoyant, with Real Estate advertising up 17 per cent. The launch of an upgraded weekly property supplement in Hawke’s Bay Today has been well supported by estate agents and is averaging 120 tabloid pages each Friday.

Circulation revenue grew in both countries, up 4% in Australia and 3% in New Zealand, with more co-ordinated marketing campaigns delivering circulation gains for key titles.

A number of small but strategically important titles were acquired, including Style magazine in Brisbane and the Beenleigh Reporter in the corridor between Brisbane and the Gold Coast. The acquisitions are well placed to benefit from the ongoing growth that is being experienced in South East Queensland.

Several daily titles were relaunched, including the Sunshine Coast Daily, the Toowoomba Chronicle and the Northern Advocate in Whangarei. Together with the development of new supplements that take advantage of additional colour capacity, and the use of shared pages across regions, the Division has both grown revenue and contained costs.

The new printing centre at Yandina on the Sunshine Coast is in the final stages of completion and is due to commence operations in October 2006. This will add significant colour capacity to the business as well as provide heatset printing capability to produce a broader range of products across the region. In addition, a new replacement print centre in Bundaberg will be operational by year end to complement the Yandina centre, specialising in smaller print run products.

New Zealand National Publishing (NZNP)

NZNP comprises The New Zealand Herald, the Herald on Sunday, The Aucklander, New Zealand Magazines and commercial printing. The division has a co-ordinated strategy to increase market share in Auckland, New Zealand's largest metropolitan market. The combined portfolio of titles has achieved strong penetration into Auckland, with eight out of every 10 Aucklanders aged 15+ reading a copy of an APN daily, weekly or magazine title each week.

The New Zealand publishing business has built its home subscriber database to 170,000 homes, which we expect to continue to driver the growth plans for the division. A total of 102,000 unique subscribers to The New Zealand Herald and the Herald on Sunday are based within the commercial hub of Auckland.

The New Zealand Herald retained its position as New Zealand's most read daily newspaper, with 547,000 readers on a typical day, reaching six out of 10 Aucklanders every week. Circulation revenue was up 7% for the first half of 2006.

The Herald on Sunday, which was launched in October 2004, is now the most read Sunday newspaper in Auckland and the northern region of New Zealand. This extension of the Herald franchise to seven days a week has been well received by readers and advertisers and provides an excellent platform for launching further new added value products. The Herald on Sunday is on track to achieve forecast profitability in 2007.

A number of new supplements were launched in the first half, including The Business, a weekly stitched and trimmed quality business publication inserted in the Monday edition of The New Zealand Herald. The Business is now the highest circulating weekly business publication in New Zealand and was been well received by advertisers and readers.

NZNP grew advertising volume share in five of the six traditional advertising pillars (Retail, Agency, Automotive, Employment and General Classified), while share in Real Estate remained stable. The Aucklander and the Herald on Sunday more than doubled their share of classified volumes through the launch of Sunday Xtra and Affordable Homes, driven by the APN portfolio sales strategy. This portfolio volume strategy has impacted negatively on yield however, it is pleasing to report that significant volume market share gains have been achieved.

New Zealand Magazine titles The Listener, Crème and the New Zealand Woman's Weekly remain the leading titles in their respective categories, with Crème and the New Zealand Woman's Weekly both growing readership and circulation in the most recent audit period.

Online

APN established an Online division at the beginning of the year and a high quality team has been appointed to oversee the organic growth of its existing internet assets and pursue expansion opportunities across the group.

Already, the nzherald.co.nz website is the most visited news website in New Zealand and the third most popular domestic site in the market. In July, a new record was set for visitors (1.56 million) and for page impressions (26.57 million). Display advertising revenue generated from the site grew 60% year on year and revenue records have been exceeded each month this year. Demand for inventory is high, which has allowed for packaging across a number of sites, increasing overall yields.

The online jobs site search4jobs.co.nz was relaunched in May and has quickly become the number 2 jobs site in the market in both traffic and job volumes. The popularity of the site with recruiters and jobseekers is expected to grow further as new functionality is added. In Australia, Worksearch has continued to expand and is already the largest regional employment website in Australia.

As our online content, classifieds, directories and mapping assets are developed, we are well placed to integrate these offerings in our markets.

We anticipate rapid organic growth from our Online division in the balance of the year and 2007.

Radio

The Radio Division consolidated earnings after several periods of strong performance, with EBIT up 2% for the half, and up 4% when adjusting for changes in currency.

In Australia, the Australian Radio Network (ARN) built on the success of its performance in the commercially important 25-54 demographic, growing its share of agency advertising revenue by 15% over the same period last year. In a moderating market, ARN successfully retained its existing clients, as well as recruiting new clients who were not traditionally heavy users of radio. The network's two music streams of Classic Hits and Mix grew share in the 25-54 demographic for the combined Sydney, Melbourne, Brisbane and Adelaide markets by 9% over the past three surveys.

In New Zealand, The Radio Network (TRN) continued to lead the industry, growing market share across the country. TRN operates the top 3 stations in the major Auckland market, achieving total audience share of 49.9% for the first survey of the year. TRN also operates the number 1 stations in both Wellington and Christchurch. TRN's total audience share across New Zealand was up 1% to 46%. The group achieved a total 50% audience share in five of the 13 surveyed markets.

Outdoor

The Outdoor division produced a very pleasing increase in EBIT of 49% to \$9.8 million, reflecting the ongoing benefit of restructure work undertaken in previous periods.

The division secured a number of major contracts, including Railcorp in New South Wales, Sydney buses, Sydney Airport and Perth Rail. All of the contracts are performing ahead of tender expectations.

The successful tenders have enhanced the quality of the division's asset base in each of the key industry formats. The Outdoor industry grew 12% in the first half of 2006 and APN brands continue to be market share leaders in all of the major Outdoor advertising formats in Australia. Street Furniture business Adshel grew its market share in a format that itself grew advertising revenue by 29% in the first half.

In August, the Outdoor Media Association (OMA) announced the selection of a consortium of Australian and international research companies as preferred candidate to develop a new audience measurement system for the Australian market. The measurement system will cover all the major formats and provide a standard metric for advertisers to assess Outdoor's effectiveness. APN welcomes this advance and will work closely with the industry association during the development process.

Costs

Costs in all trading divisions were well contained with Regional Publishing being the only division to record growth above inflation, reflective of its strong revenue performance. The expiry of uneconomic contracts and inventory rationalisation meant that Outdoor costs increased less than 1%, despite new contract wins. NZNP achieved a reduction of nearly 5% year on year, reflecting the benefits of last year's restructure. Overall, costs on a constant currency basis grew 2.3% pre-NPIs.

Share Buyback

To date 48.7 million shares have been bought back and cancelled at a total cost of A\$243 million.

The Company expects a significant number of the 44.5 million convertible notes remaining to convert at the next opportunity, namely October 2006.

Shareholders should be mindful that the buyback and in particular, the recently announced extension means that there is likely to be fewer shares on issue at year end than previously anticipated. In these circumstances we believe Earnings Per Share is the most appropriate way in which to reiterate our guidance for growth.

Outlook

The Board of APN News & Media continues to believe that, providing satisfactory trading conditions continue, growth in overall profitability will be in line with previous guidance. Following the recently announced extension of the Company's share buyback, this means growth in Earnings Per Share is expected to be between 5% and 10% for the full year.

-- ENDS --

15th August 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 |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 30 June 2006 | 30 June 2005 | 30 June 2006 | 30 June 2005 |
| Revenue | <u>606,053</u> | <u>604,621</u> | <u>365,996</u> | <u>363,835</u> |
| Operating Profit | | | | |
| – Continuing Operations | 137,738 | 136,262 | 83,180 | 81,997 |
| – Exceptional Items | <u>4,234</u> | <u>-</u> | <u>2,557</u> | <u>-</u> |
| Profit from Continuing Operations | 141,972 | 136,262 | 85,737 | 81,997 |
| Net Finance Charge | (33,713) | (30,801) | (20,359) | (18,535) |
| Share of Profit of Associates | <u>5,012</u> | <u>3,903</u> | <u>3,027</u> | <u>2,349</u> |
| Profit on Ordinary Activities before Taxation | 113,271 | 109,364 | 68,405 | 65,811 |
| Taxation | <u>(25,748)</u> | <u>(26,890)</u> | <u>(15,549)</u> | <u>(16,181)</u> |
| Profit on Ordinary Activities after Taxation | 87,523 | 82,474 | 52,856 | 49,630 |
| Minority Interests | <u>(15,397)</u> | <u>(16,396)</u> | <u>(9,298)</u> | <u>(9,866)</u> |
| Profit Attributable to Members of the Parent Entity | <u>72,126</u> | <u>66,078</u> | <u>43,558</u> | <u>39,764</u> |
| Basic Earnings per Share (cents) | <u>15.3</u> | <u>13.7</u> | <u>9.2</u> | <u>8.2</u> |
| Diluted Earnings Per Share (cents) | <u>14.7</u> | <u>13.2</u> | <u>8.9</u> | <u>7.9</u> |

Profit & Loss Accounts translated at Average Rates

Average Exchange Rate 2005 €1 = A\$1.6618

Average Exchange Rate 2006 €1 = A\$1.6559

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

| | A\$000 | A\$000 | €000 | €000 |
|------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 30 June 2006 | 31 December 2005 | 30 June 2006 | 31 December 2005 |
| Current Assets | | | | |
| Cash and Cash Equivalents | 98,916 | 68,934 | 57,429 | 42,737 |
| Receivables | 216,843 | 235,909 | 125,896 | 146,255 |
| Inventories | 24,706 | 30,193 | 14,344 | 18,719 |
| Tax Assets | 23,850 | 26,532 | 13,847 | 16,449 |
| Other | <u>50,811</u> | <u>25,144</u> | <u>29,500</u> | <u>15,587</u> |
| Total Current Assets | <u>415,126</u> | <u>386,712</u> | <u>241,016</u> | <u>239,747</u> |
| Non-Current Assets | | | | |
| Receivables | 11,089 | 8,047 | 6,438 | 4,989 |
| Other Financial Assets | 17,381 | 17,296 | 10,091 | 10,723 |
| Investments Accounted for Using the Equity Method | 23,734 | 21,014 | 13,780 | 13,028 |
| Property, Plant and Equipment | 267,656 | 288,937 | 155,397 | 179,130 |
| Intangible Assets | 1,643,149 | 1,784,717 | 953,988 | 1,106,458 |
| Deferred Tax Assets | <u>39,129</u> | <u>33,377</u> | <u>22,718</u> | <u>20,692</u> |
| Total Non-Current Assets | <u>2,002,138</u> | <u>2,153,388</u> | <u>1,162,412</u> | <u>1,335,020</u> |
| Total Assets | <u>2,417,264</u> | <u>2,540,100</u> | <u>1,403,428</u> | <u>1,574,767</u> |
| Current Liabilities | | | | |
| Payables | 191,747 | 198,828 | 111,325 | 123,265 |
| Derivative Financial Instruments | 1,127 | 4,280 | 654 | 2,653 |
| Interest Bearing Liabilities | 101,012 | 87,232 | 58,646 | 54,081 |
| Current Tax Provisions | 4,205 | 4,371 | 2,441 | 2,710 |
| Provisions | <u>10,624</u> | <u>12,220</u> | <u>6,168</u> | <u>7,576</u> |
| Total Current Liabilities | <u>308,715</u> | <u>306,931</u> | <u>179,234</u> | <u>190,285</u> |
| Non-Current Liabilities | | | | |
| Interest Bearing Liabilities | 805,685 | 752,356 | 467,769 | 466,433 |
| Deferred Tax Liabilities | 186,141 | 214,188 | 108,071 | 132,789 |
| Provisions | <u>2,423</u> | <u>2,320</u> | <u>1,407</u> | <u>1,438</u> |
| Total Non-Current Liabilities | <u>994,249</u> | <u>968,864</u> | <u>577,247</u> | <u>600,660</u> |
| Total Liabilities | <u>1,302,964</u> | <u>1,275,795</u> | <u>756,481</u> | <u>790,945</u> |
| Net Assets | <u>1,114,300</u> | <u>1,264,305</u> | <u>646,947</u> | <u>783,822</u> |
| Equity | | | | |
| Contributed Equity | 843,731 | 918,155 | 489,858 | 569,222 |
| Other Reserves | (18,023) | 42,647 | (10,464) | 26,439 |
| Retained Profits | <u>50,511</u> | <u>51,201</u> | <u>29,326</u> | <u>31,743</u> |
| Total Parent Entity Interest | 876,219 | 1,012,003 | 508,720 | 627,404 |
| Minority Interests | <u>238,081</u> | <u>252,302</u> | <u>138,227</u> | <u>156,418</u> |
| Total Equity | <u>1,114,300</u> | <u>1,264,305</u> | <u>646,947</u> | <u>783,822</u> |

Balance Sheets translated at Closing Rates

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

Closing Exchange Rate June 2006 €1 = A\$1.7224