APN NEWS & MEDIA

APN
ANNUAL REPORT
2008

CONTENTS



APN NEWS & MEDIA 2009 FINANCIAL CALENDAR

2008 Annual Result announced .... 25 February 2009

Record date for final dividend ....24 March 2009

Final dividend payable............................... 23 April 2009

Annual General Meeting..............................5 May 2009

2009 Half-year result announced .... 11 August 2009

Interim dividend payable......................... 1 October 2009

The above dates are indicative only and are subject to change

A PORTFOLIO OF WORLD CLASS MEDIA ASSETS THAT CONTINUE TO STAND THE TEST OF TIME

The strength of APN News & Media has always been its diverse base of quality media properties across a range of markets. At a time when a global financial crisis is challenging world commerce, APN's ability to draw revenue from a diverse pool of well-managed operations across five countries has afforded the Company some protection from the full force of the global slowdown.

In a year where all sectors of the economy faced uncertainty, APN's portfolio approach of operating across multiple media sectors in a variety of traditionally strong markets has produced a respectable result for shareholders.

While uncertainty still dogs the global economy, APN's publishing, radio, online and outdoor advertising businesses are well placed to take full advantage of any improvement in economic conditions.

TEN YEAR FINANCIAL HISTORY

	2008 $'m A-IFRS	2007 $'m A-IFRS	2006 $'m A-IFRS	2005 $'m A-IFRS	2004 $'m A-IFRS	2003 $'m A-GAAP	2002 $'m A-GAAP	2001 $'m A-GAAP	2000 $'m A-GAAP	1999 $'m A-GAAP
INCOME STATEMENT										
Revenue[2]	**1,258**	1,346	1,340	1,364	1,274	1,167	1,072	599	615	521
EBITDA[3]	**320**	352	341	349	322	292	256	136	148	127
EBIT[4]	**279**	324	307	309	283	238	202	116	127	109
Net profit[5]	**140**	169	157	150	130	104	90	48	51	42
BALANCE SHEET										
Equity excluding minority interest	**816**	1,032	930	1,005	1,010	1,286	1,205	957	388	369
Total assets	**2,323**	2,581	2,458	2,541	2,584	2,748	2,754	2,485	1,063	1,018
Total bank borrowings	**968**	941	749	673	646	735	807	776	282	275
STATISTICAL ANALYSIS										
EBITDA/total revenue	**25.4%**	26.2%	26.0%	25.6%	25.3%	25.0%	23.9%	22.7%	24.1%	24.5%
Bank borrowings/EBITDA	**3.0**	2.7	2.2	1.9	2.0	2.5	3.2	5.7	1.9	2.2
Earnings per share – basic (cents)	**(4.9)**	34.5	34.3	31.1	27.1	22.9	20.8	18.0	19.7	16.8
– diluted (cents)[6]	**(4.9)**	34.0	32.9	30.3	26.2	22.9	20.7	17.8	19.3	16.4
Dividend per share (cents)[6]	**22.5**	31.5	29.7	24.2	22.0	18.3	16.0	14.6	14.2	12.2
Dividend payout ratio[8]	**79%**	92%	92%[7]	77%	81%	82%	78%	111%[9]	73%	73%
Interest cover based on EBITDA (times)	**1.68**	5.56	5.41	5.37	5.15	4.37	3.85	9.29	9.86	9.47
No. of shares on issue ('000)	**490,413**	489,124	460,287	477,705	482,491	472,821	438,406	429,963	252,011	245,975
No. of shareholders	**11,593**	12,734	14,733	15,582	16,500	15,249	13,839	12,934	10,296	9,651
Market capitalisation ($'m)	**1,216**	2,578	2,785	2,293	2,485	1,891	1,337	1,479	1,119	824
Market price per share at 31 December	**$2.48**	$5.27	$6.05	$4.80	$5.15	$4.00	$3.05	$3.44	$4.44	$3.35

1. Adjusted for restatement to Outdoor site costs
2. Including other income and finance income
3. Profit before exceptional items, interest, tax, depreciation and amortisation
4. Profit before exceptional items, interest and tax NPAT before exceptional items
5. NPAT before exceptional items
6. Earnings per share and dividends per share have been restated for prior years for the bonus element of the pro-rata entitlement offer in 2001
7. Includes 2006 final dividend paid 18 June 2007
8. Pre exceptional items
9. Final dividend paid on additional capital raised to fund acquisition of the Wilson & Horton Group

CHAIRMAN'S REVIEW

This is my first report to you as shareholders of APN and I think you will agree I could not have chosen a more challenging environment against which to review our progress.

World markets have experienced a significant economic shock in 2008. Despite the dramatic change in overall trading conditions, certain enduring business fundamentals remained the same. In APN News & Media's case, it has meant that our well-managed, cash-generating businesses in traditionally resilient markets have continued to produce a satisfactory operating outcome for shareholders.

Net Profit After Tax before exceptional items was $140.1 million, compared with a record $169.4 million in the prior year. Given the uncertainty in the broader marketplace and the economic factors affecting so many of our clients, we believe this to be a respectable and resilient outcome.

Total dividends of 22.5 cents per share were distributed to you as shareholders. While this reflects a very healthy dividend yield, it is of no comfort that this is the first time in APN's 16 years as a company listed on the Australian Stock Exchange that there has been a reduction in the annual dividend paid to shareholders. However, in the current uncertain economic environment, it is incumbent on your Directors to act prudently. In that regard, the decision to retain capital for alternative use within the Company and with regard to tightening credit markets was not taken lightly.

Exceptional items of $164.1 million included a non-cash impairment charge of $146.8 million, which related to the New Zealand assets acquired as part of the Wilson & Horton acquisition in December 2001. In contrast, the current value of all other assets, particularly those in Australia, is significantly in excess of their book value. Accounting rules do not allow the Company to offset this excess against the write-down.

In recent years, shareholders have perhaps enjoyed significant annual profit growth; however, for the immediate future, expectations will necessarily need to moderate. This will particularly be the case in the first half of this year, when comparisons with prior periods will be challenging, given the near record performance in the first half of 2008.

All shareholders will, no doubt, be frustrated to have witnessed the reduction in value of their stock during the past 24 months, particularly when the markdown bears no relevance to the underlying trading performance and to the high quality of APN's assets. We believe we have moved fast in recent times. As far back as 2005, well before the phrase "Global Financial Crisis" came into being, the Board and management proactively started a process of strategic restructuring, to position APN as the low cost operator in each of its markets. While the timing and the magnitude of the global slowdown has surprised many, I think you will agree that APN is now well positioned with a lower cost base to help trade through this unusual economic cycle, and will benefit greatly when the upturn eventually occurs.

The decision to restructure costs was taken sufficiently early that your Company has certainly produced a better result than would otherwise have been possible. Looking at the cost base of the Company in 2005, had management done nothing and allowed costs to grow at a simple annual Consumer Price Index of 3%, we would have a $100 million a year higher cost base than we have now. This capital intensive programme of new press facilities, changed sales structures, centralised services and production outsourcing has clearly already started to pay back. That programme is now complete, our cost base has been lowered and operational leverage has improved. Our businesses are on a sound footing.

Since the end of the financial year both Liam Healy and Sallyanne Atkinson advised they will retire from the Board at the conclusion of the Annual General Meeting. I know all shareholders will join me in thanking both of them for their enormous contribution to the development of your Company from a local Queensland newspaper company to the Trans-Tasman multimedia group that it is today.

Sallyanne joined the Board in 1999 – and as the enthusiastic former Lord Mayor of Brisbane as well as a former journalist, she has ensured that APN has never strayed from its Queensland roots and during her time with the Company, she has been a most conscientious and valuable member of the Board.

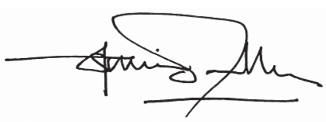
Liam's retirement marks the end of an era for your Company. Liam was one of the original architects of the purchase of Provincial Newspapers Queensland (PNQ) in 1988 and was its first CEO – which latterly became APN News & Media. Liam's methodical and insightful leadership over the past 21 years has been one of the most enduring constants of your Company; a Company that has evolved with a sense of clarity and purpose. It is not overstating the case to say that we are all indebted to his distinguished and unparalleled service.

On your behalf I want to record our deepest appreciation and wish them both well in the future.

When releasing the full year results on 25 February, the Directors noted that it was extremely difficult to forecast against the background of world market conditions but wished to provide investors with the Company's expectations for the year. For 2009, Net Profit After Tax is expected to be in line with the market consensus of $120 million, with all the shortfall against the 2008 year occurring in the first half.

On behalf of the Board, I would like to extend my thanks to my fellow Directors, to our Chief Executive, Brendan Hopkins, to all of the senior management team and to all the hard working and industrious APN employees for their unstinting efforts in what has been a very challenging year.

Finally to you, our shareholders, I would like to record my appreciation for your continued support.



Gavin K O'Reilly
Chairman
24 March 2009

CHIEF EXECUTIVE'S REVIEW

The 2008 year marked some of the most challenging trading conditions that APN News & Media has faced as a listed company. However through a combination of strategic restructuring, tight cost control and innovative revenue generation, your Company has, we believe, produced a satisfactory result.

The Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $319.5 million was in line with market expectations.

It is worth looking at the result in the context of where we have come from. APN's portfolio of world class media assets has produced consistently good returns for all shareholders since listing on the Australian Stock Exchange in 1992. Normally, our spread of diverse markets would have provided us with some hedge against an economic downturn in one or two of our markets however it is impossible to completely avoid the global nature of the current situation.

One of APN's enduring strengths has been its ability to build quality operations in markets with dependable long-term growth prospects. Our local franchises are well positioned to trade through this time of uncertainty and respond with improved operating leverage to any upturn.

The 2008 year began reasonably and the interim result was in line with the prior corresponding period. Trading slowed sharply in the second half and especially in the fourth quarter as the Australian economy, in particular, began to feel the effects of the global financial crisis.

Our New Zealand businesses experienced a sharp slowdown in the local economy throughout 2008. This flowed through to our advertising revenues and required significant restructuring of our costs. Indeed, costs in the New Zealand operations in 2008 were significantly down in local currency terms compared to 2007.

The real variations in the fourth quarter outcomes came from our Australian Publishing and Outdoor operations. Despite attempts by the Federal Government to stimulate consumer demand, the gathering momentum of the global financial crisis affected the confidence of our customers. This resulted in a number of national advertisers electing not to proceed with planned campaigns. A number of government campaigns were also held back.

In early November we reported that the restructuring programme which commenced three years ago was complete. This programme positions APN well for these difficult times. All material capital expenditure programmes in connection with the restructuring are completed and the vast majority of the one-off costs of restructuring are also behind us. As we face the New Year we are seeing these benefits reflected in our cost base, albeit a couple of months later than we had anticipated. Total costs for the first quarter will be 7% lower than in the same period last year. In a revenue-constrained environment, our ability to manage costs is paramount.

In the current economic climate it would be easy to succumb to the negative reports about the future of media. We remain extremely positive about the long-term prospects for our media businesses in general, and our Publishing businesses in particular. The performance of newspapers in Australia and New Zealand stands in clear contrast to overseas markets, particularly in the United States and United Kingdom. Locally, newspapers have far less reliance on classified advertising, are experiencing good readership growth, enjoy high subscription rates and are seeing solid outcomes in national and retail advertising. This is not the case in other overseas markets especially the United States and United Kingdom. Newspapers in Australia and New Zealand deliver high penetration within well-defined discrete markets, giving them the opportunity to foster long-term interaction with their local communities and strong business relationships with local advertisers. APN is at the forefront of delivering a highly local, integrated business model to readers and clients which will, we believe, ensure a long and profitable future for newspapers in our markets.

The New Zealand Herald secured its position and remains the most read newspaper in that country with excellent readership gains over the year. The Herald on Sunday continued its profitable growth coupled with strong circulation and readership gains and is the fastest growing newspaper in the country.

Our Radio assets are tracking well with good advertising market share trends in Australia and a record audience share result for New Zealand, where 47.3% of New Zealanders aged 10+ listen to an APN radio station.

The Outdoor division performed well, producing EBIT growth and building on its position as the leading Outdoor operator in Australasia.

APN Online made important gains in its local search strategy through the Australian finda brand as well as reaching new records for traffic and advertising on the award-winning nzherald.co.nz news website.

More details about all of these successes can be found in this Report.

Forward bookings in March have improved after a slow start to the year. National and Retail advertising, which accounts for almost 80% of total advertising revenues and almost 60% in our Publishing divisions, is solid. Outdoor bookings are showing some improvement and Radio is, as forecast, showing gains in advertising market share in Australia.

APN has always been a strong cash-generating business. At a time of global credit tightness, this is an important factor in its ongoing success. APN has been active in managing the maturity profile of its funding lines. During the 2008 year, $330 million in maturities were extended from 2010 to 2011 and, since the end of the year, a further $50 million in maturities were extended to 2012. APN now has less than 25% of its funding lines maturing inside the next two years, with no material maturities until December 2009. We are pleased with the progress to date in extending our facilities and are actively progressing the remaining maturities.

The outlook for the year remains challenging, with the first half being set against an almost record performance in the prior period. Looking ahead, the likelihood is for the first half's trading to be another tough reporting period with all the $20 million shortfall to the expected year end performance occurring in the first half. The diversity in our revenue base will help us, given our exposure to a wider range of markets than most. Notwithstanding a decline in revenue and EBIT, all of APN's Divisions either grew or maintained market share in 2008.

APN's world class media assets serve their local markets well – markets that have shown in the past their resilience and ability to quickly respond to improvements in underlying economic conditions. This, coupled with improved operating leverage resulting from the completed restructuring programme, means we will benefit from greater cost reductions as the year progresses.

While all media companies have felt the impact of the global financial crisis, we are confident that APN is better placed than most to trade through this difficult period and benefit from any upturn in the general economy.

We have a strong management team in place which continues to lead each of our businesses with diligence and skill. I would like to thank all APN staff for their dedication and commitment in a difficult trading environment.

The 2009 year began slowly but overall numbers have improved in the current month although forward orders are operating on a much shorter cycle than normal and medium term visibility is therefore restricted.

Brendan MA Hopkins
Chief Executive
24 March 2009

CORPORATE SOCIAL RESPONSIBILITY

APN News & Media is an active participant in all its many communities, through its Publishing, Radio, Outdoor advertising and Online operations. Corporate Social Responsibility (CSR) is a new term for the local community involvement that has long been a hallmark of all of APN's operations.

APN's divisions do more than merely participate in local philanthropy – they often become the central coordinating force behind charities and important social issues.

The participation in CSR runs the full spectrum, from supporting local sporting competitions at the grass roots level through to coordinating charity appeals that raise millions of dollars in donations.

Total APN CSR support in terms of advertising space contributed, funds directly donated as well as solicited through readers and listeners in the past year exceeded $16 million. This value excludes the advertising equivalence of the many editorial articles that have promoted individual charities and their important work in their communities.

APN has a reputation of being extremely locally focused in its operations and will continue supporting local organisations that, through their tireless efforts, deliver extraordinary benefits to the people in our markets.

EDUCATION

- Newspapers in Education (NiE) programmes. Newspapers across Australia and New Zealand provide complimentary editions to local schools to assist with literacy programmes as well as social awareness and general knowledge. NiE pages also link in with school curricula.
- Awareness raising. Newspapers, magazines and radio undertake a public education and information role through special features and promotions on public health issues, such as breast cancer, Parkinson's disease, autism and childhood cancers.
- The New Zealand Herald publishes secondary school students' work in The College Herald to encourage interaction with and understanding of journalism print media.
- Regional publications in New Zealand work actively with schools to host students in a combination of media studies.
- In a bid to address growing rates of childhood obesity, The Radio Network supports the WeetBix Triathlon for 7-14 year olds, the largest sporting event for children in the world, with more than 20,000 children entering nationwide.
- Radio and newspaper support across Australia and New Zealand for breast cancer awareness month, Camp Quality and Variety Club.
- The New Zealand Listener sponsors the New Zealand National Spelling Bee.

HUMANITARIAN

- The annual Adopt a Family for Christmas appeal conducted by APN Australian Publishing is now in its 15th year. In 2008, the appeal supported more than 2,600 families, raising aid with an estimated value of more than $900,000. Since its inception, the annual campaign has helped more than 18,000 families, attracting more than $5 million in donations.
- The New Zealand Herald's 'Our Lost Children' series raised nearly $70,000 towards helping the country's abused children.
- Following the tragic bushfires that devastated Victoria early in 2009, all of APN's operations ran complimentary advertisements for the Red Cross appeal for survivors.
- APN Outdoor provided more than $6.7 million in complimentary media for a range of charitable organisations and public health bodies across Australia and New Zealand, including Beyond Blue, the Salvation Army Red Shield Appeal, Amnesty International and the Cancer Council.
- The Radio Network's (TRN) New Zealand Cure Kids $10 Queenstown Challenge raised $500,000 to fund child health medical research.
- TRN's 'Shave Your Lid for a Kid' campaign helped raise $500,000 for the Child Cancer Foundation.

COMMUNITY

- Public Service Announcements – ARN and TRN provide free community announcements for scores of local and national charity groups. The annual value is in excess of $8 million. Charities include Red Cross, Bone Marrow Donor Institute, Child Flight, Cancer Council, Mothers Day Classic, Fred Hollows Foundation, World Wildlife Fund, Seeing Eye Dogs, Autism New Zealand, Muscular Dystrophy New Zealand, The Hearing House New Zealand, Heart Kids New Zealand and UNICEF.
- The New Zealand Herald launched 'Unsung Heroes' to recognize and reward people within the community for good deeds. P&O Cruises sponsored five cruise prizes.
- TRN celebrates community diversity through support of Race Relations Day and how special and important our children are by supporting New Zealand's Children's Day.
- The Adshel street furniture businesses contributed advertising space worth more than $1.1 million to the Not For Profit sector.
- APN's newspapers and magazines provide complimentary advertisements for a large number of local charities, including Leukemia & Blood Foundation, Heart Children Foundation, Salvation Army, Victoria Bush Fires, Cure Kids, Kids in Cars, Air New Zealand Kids Charity.
- APN Online's portfolio of market leading websites provide millions of complimentary page impressions for a number of community and charity groups, including IHC, Cure Kids, Fred Hollows Foundation, Child Cancer Foundation, Blood Foundation, UNICEF, Auckland City Mission, Cancer Society, Deaf Foundation, KidsCan, ChildFund, Life Education Trust, Australian Cancer Council, Australian Conservation Foundation and OxFam.
- Regional publications work closely with local organisations to promote sustainable growth and improvements to their communities. Just one example is the Clean Up Our City graffiti campaign run by the Northern Advocate in Whangarei, which was recognised with a number of national and international awards.

CULTURE

- APN News & Media sponsors the Australian Chamber Orchestra as well as the Auckland Philharmonia and TRN sponsors the New Zealand Symphony Orchestra and the Royal New Zealand Ballet.
- The New Zealand Listener sponsors the Auckland Writers and Readers Festival, Documentary NZ, Royal Society and New Zealand Book Design Awards.

CONSERVATION

- Adshel is sponsoring the planting of 10,000 trees in the Daintree rainforest.
- Newspapers participate in recycling programmes as well as promote 'green' activities through our publications.
- TRN participated in the New Zealand launch of Earth Hour in Christchurch.

APN PEOPLE

Our people are key to APN's success in the many markets in which we operate. Our ability to provide stimulating, informative and innovative content to our readers and listeners and our capacity to provide our customers with informed and profitable solutions to their advertising needs is driven by the quality of our people and the way in which we provide performance and growth opportunities for them. This has never been more important than during these current challenging times.

A principal focus during 2008 has been on cost management and staff costs have been a prime theme. Critical attention to headcount and work practices has enabled us to reduce staffing levels and improve productivity in all divisions. We are continuing these actions in 2009 and supplementing them with an across the board freeze on executive salaries and wage pauses for other staff as we work to enhance efficiencies.

During 2008 our activities have also centred on:

- developing more flexible working arrangements within our collective agreements and with staff to enable improved and more efficient levels of customer service;
- a stronger line of sight between pay and performance and employee development through better performance management practices;
- improved change execution capabilities to ensure best practice solutions are delivered effectively; and
- improved visibility and transparency around our people management programmes, enabling greater alignment and effectiveness.

We have committed and loyal employees who take pride in the work they do for our customers and in their communities. With a commitment starting at the group executive committee level, our focus is on creating people leadership programs that create and sustain a high performing organisation.

AUSTRALIA

APN's operations across Australia cover Publishing, Online, Radio and Outdoor advertising.

With a significant presence in all major metropolitan markets, as well as in the high growth areas of northern New South Wales and regional Queensland, the vast majority of Australians are touched by an APN product every day.

Whether it is the daily newspaper in Rockhampton with the latest local news or the breakfast programme on WSFM in Sydney keeping commuters entertained on their way to work, APN's suite of Australian media assets provides quality content and superior access to consumers across the country.

APN AUSTRALIAN PUBLISHING operates 14 regional daily newspapers and more than 60 non-daily and community titles across Queensland and northern New South Wales.

The group's Publishing footprint extends from the Coffs Coast in northern New South Wales all the way to Cairns in Far North Queensland. With a broad cross section of daily newspapers, community titles and lifestyle magazines, APN Australian Publishing offers the greatest reach and frequency of any publisher in its growing regional markets.

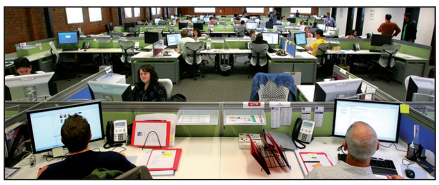
Together with a fast expanding Online presence, APN's titles provide unequalled coverage of its target markets, for users of its Publishing and Online products, and for its advertisers. APN's strength remains its trusted brands, local content and the unique connection with the communities in which it operates.

Trading through 2008 was challenging, in line with the general trends experienced across the entire Australian economy, particularly in the last quarter. Queensland was the last of the Australian states to experience the consequences of the global financial crisis, and its impact on the key resources industry became particularly evident in November and December of 2008. However, the state's civil infrastructure development programme and the continuing northern influx of immigrants from southern states has helped underpin local demand, providing some offset for local economies from the full impact of the global slowdown.

Ongoing readership gains across the regional network of publications produced solid advertising bookings from national clients. National advertising is emerging as an increasingly important category, which, together with Retail advertising, is now approaching 60% of total advertising revenue for the Australian Publishing group.

Despite the impact of the global financial crisis, the real estate and employment pillars again recorded growth over the prior year.

Widespread flooding in Central Queensland in the first quarter had a significant operational impact on our operations in Mackay and Emerald, but determined efforts by our local employees got the newspapers onto the streets and into people's homes. More recent flooding in North Queensland has not disrupted APN markets. In fact, good rainfalls across central and southern Queensland have bolstered local agricultural industries, which are also benefitting from a lower Australian dollar, assisting exports.



Upgraded press facilities are now operational at Ballina, Rockhampton, Bundaberg and Mackay. Together with the state of the art press centre at Yandina on the Sunshine Coast, these centres are producing high quality gloss and newsprint colour publications that are being well supported by readers and advertisers.

APN ONLINE made significant gains in its aim to become the leader in Online in each of its local markets. This is particularly so in the northern markets of NSW and Queensland. Regional Australia represents a significant business opportunity in this sector as internet users increasingly seek out local information online.

The development of an online APN Regional News Network, based around upgraded masthead websites, is well advanced and is attracting good traffic and advertising revenue. These sites are being developed in tandem with a suite of finda branded online businesses, which will provide local communities with extensive local information for their specific region. Sites have been launched in Toowoomba and the Sunshine Coast, with positive responses from local advertisers and audiences. The complementary news and finda sites will offer advertisers access to significant local audiences which they are currently unable to reach through other online offerings.

THE AUSTRALIAN RADIO NETWORK (ARN) broadcasts across 12 metropolitan FM and AM stations on two networks: Classic Hits and Mix, reaching 4.2 million listeners across Australia each week.

ARN ended the year strongly, with its Sydney stations combining to be the number one network for both the 10+ demographic and ARN's target audience of 25-54. ARN was the top network for 25-54 in the combined markets of Sydney and Melbourne – Australia's two largest radio markets. At a time when the radio sector has been under pressure due to marketing cutbacks by some large advertisers, ARN's ability to deliver a well-defined target audience has been a real benefit to its clients.

The highly competitive nature of the radio industry was evident in the first half of the year, when ARN did lose some advertising share. But from September, ARN made good gains, particularly in the Direct sales category. ARN has a long tradition of strength in Direct sales and a renewed focus in this area produced dividends. Sydney sales were encouraging and a new sales structure in Melbourne is showing early signs of success.

Planning for the launch of digital radio in Australia is complete, which will give ARN the opportunity to simulcast existing FM and AM stations on digital spectrum, as well as test new formats. The networks have also had good success with online developments and a new suite of sites are being developed to enhance clients' interactions with listeners.

APN OUTDOOR is the market leader in each of the main outdoor advertising categories in Australia: large format, posters, transit and street furniture. Despite a tough trading environment, particularly in the final quarter, the Division as a whole produced a strong result, maintaining revenue on a constant currency basis and growing earnings before interest and tax (EBIT).

The Outdoor sector grew revenue as a whole by 3.2% in 2008, underlining the resilience of the medium even in tough trading conditions. One example of the innovative nature of the business was APN Outdoor's launch of the country's largest digital billboard. The billboard is on one of the best outdoor sites in Melbourne – the Young and Jackson building opposite Flinders Street Station. With high vehicle and pedestrian traffic, the digital site generates significantly greater revenue than a comparable static site. The digital technology allows advertisers to change quickly and economically and also to target messages by day part. The site is already strongly booked for 2009.

The roadside poster business continued to produce good results, with the rationalisation of old sites and the introduction of new formats into select locations offering an upgraded inventory to advertisers.

Adshel continued to expand its street furniture operations, which now has 13,500 advertising panels in 120 council areas across Australia and New Zealand. Adshel offers the largest street furniture coverage in Australia, with 92% of Australians in metro cities living in Adshel areas. Adshel retained important contracts and rolled out a programme of new sites in Canberra.

While the economic slowdown did have an impact on revenue for the Outdoor group as a whole, it has also allowed the renegotiation of leases on more advantageous terms, helping to lower its cost base.

NEW ZEALAND

APN News & Media is the largest media company in New Zealand. With the country's most read newspaper, most read consumer magazine, the leading news website, the largest radio network and the leading outdoor advertising operation, no media company reaches out to New Zealanders like APN.

The power of APN's media brand is no better illustrated by its presence in the Auckland market, New Zealand's largest city. Eight out of ten Aucklanders aged 15+ read an APN publication each week. That is an extraordinary penetration into the country's largest market. When combined with the eight FM radio stations APN operates, our leading online presence and some of the country's best outdoor sites, APN's reach into New Zealand's commercial capital is unequalled.

The New Zealand economy has posed a challenge to APN's operations, with clients' marketing budgets being cut and consumer confidence falling. But a tight focus on costs, combined with innovative revenue programmes, has seen APN's New Zealand businesses produce creditable performances.

APN NEW ZEALAND PUBLISHING includes the country's leading daily newspaper, The New Zealand Herald, together with the Herald on Sunday, seven regional daily titles, more than 30 community titles, APN Educational Media and New Zealand Magazines.

In line with the New Zealand economy as a whole, trading conditions were challenging throughout the year. Low business and consumer confidence in the face of the global financial crisis reduced advertising spend across most categories. However, market share gains were achieved in the fourth quarter through the packaging of advertising across newspapers and magazines.

When growing revenue is challenging, improvements in efficiency and productivity become even more important. APN has had a number of successes in this area. One example is the outsourcing of newspaper production to a central facility in Auckland, where over 1,000 pages a week are now produced across all titles. The outcome has been a lift in quality and improved work flows. A similar approach has been taken to advertising production and regional circulation and marketing functions with centralised, insourced teams located in Auckland and Tauranga.

After two years of consistent readership growth, The New Zealand Herald added a further 10,000 readers in the most recent readership survey (Nielsen National Readership Survey Jan-Dec 2008) to reach an average of 583,000 readers each day. The Monday (572,000), Wednesday (625,000), Thursday (583,000) and Weekend Herald (615,000) editions remain the most read newspapers in the country. Readership is the key metric used by our advertisers and the

ongoing strength in the Herald's reader base will stand the business in good stead through this economic cycle. More than half of the Herald's daily cover sales are to long-term subscribers.

The Herald on Sunday also continued to win significant market share, adding 37,000 readers on the prior year, achieving a record total of 382,000 readers, just four years after its launch. The paper is profitable and is the leading Sunday newspaper in the commercially-important northern region of New Zealand. Readership has increased 17% in three years and the paper now has 64,000 more readers than its nearest competitor. Readership in Auckland increased by 18% - nine times the population growth. The success and the quality of the Herald on Sunday were recognised in the Qantas Media Awards when it was named newspaper of the year. The continued support of Herald readers enables advertisers to penetrate all advertising market segments and augurs well for any improvement in economic activity.

NEW ZEALAND MAGAZINES are also growing market share. The New Zealand Woman's Weekly remains the most read mass market magazine in the country, with 863,000 readers – 58,000 more readers than its nearest competitor. The New Zealand Listener remains the number one selling current affairs magazine and Creme has secured its position as the best selling teen title, with circulation of 19,315 and readership up 36% to 164,000 readers. The Simply You fashion title's circulation of 37,413 is 42% higher than its nearest competitor. The magazines also benefit from strong subscriber support, where, for example, 67% of the circulation of The New Zealand Listener is subscriber-based.

The breadth of readership that the magazine group covers, combined with the penetration of the newspaper titles, has allowed added value package deals to be negotiated with advertisers.

The economy was subdued across the country in 2008, and particularly so in regional areas. APN's regional New Zealand publications bore the brunt of lower consumer demand and reductions in advertising spending. However, a lower New Zealand dollar has provided an offset to weakening international demand for New Zealand exports and has offered some relief for the agricultural sector in APN markets.

APN REGIONAL NEWSPAPERS are cornerstones of their local communities and continue to provide an invaluable link between their readers and their advertisers. Cost management remains a key focus. Editorial production of individual regional titles was transferred to a single outsourced facility in Auckland, improving quality as well as reducing costs. Equally, marketing and logistics have been centralised to make better use of resources.

The regional newspapers remain well placed to take advantage of any improvements in local economic conditions.

APN ONLINE is a leading operator of internet businesses in New Zealand. Its premier website nzherald.co.nz is the most popular news website in the country and winner of the Qantas Media Awards best news website in 2008. This year marks the tenth anniversary of the launch of this site, which now attracts an average of 730,000 unique browsers and 11.8 million page impressions a week.

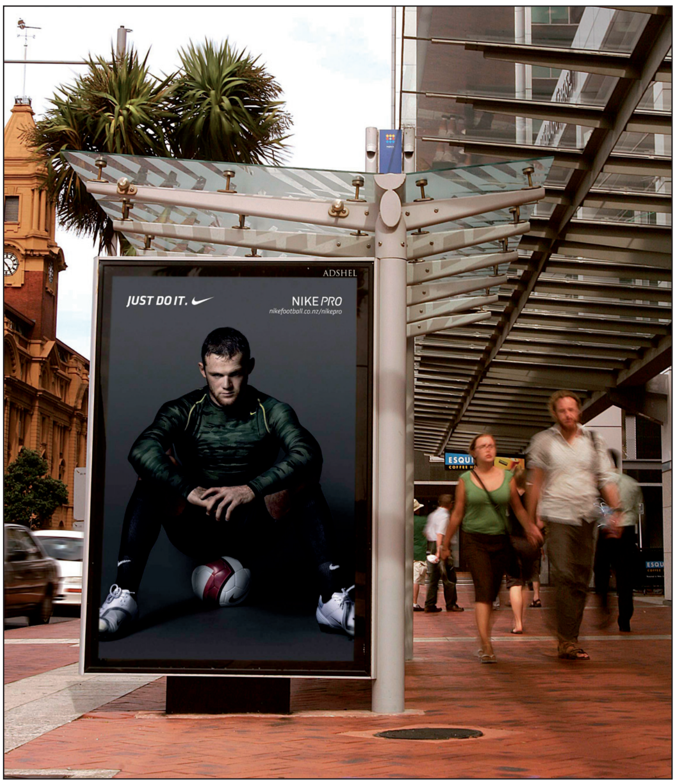
APN Online launched Think Digital Media at the end of 2008, and is the leading online advertising representative business in New Zealand. It represents sites that span key channels including news, business, sport, entertainment, lifestyle, youth and women - enabling it to deliver targeted advertising opportunities across a range of online audiences.

On 5 February 2009, APN announced the sale of its online business directory finda.co.nz to the New Zealand Yellow Pages Group (YPG). APN's community-based strategy for online had developed to the point where the finda New Zealand business was no longer a strategic fit and a profitable sale to YPG was a good outcome for both parties. APN has retained the separate finda brand name for Australia, where it is developing locally targeted community portals.

THE RADIO NETWORK (TRN) broadcasts across more than 120 FM and AM frequencies around the country, reaching 1.5 million listeners each week. TRN, despite having a difficult year, remains the market leader in New Zealand radio, growing its total market leadership to a record 10+ audience share of 47.3% across the country. NewstalkZB is the number one national network, with a 12.9% audience share and it is now the top station in the three major metropolitan cities of Auckland, Wellington and Christchurch. In Auckland, TRN finished the year with four of the top five stations in the city.

APN OUTDOOR is the largest Outdoor operator in New Zealand, with market leading positions in all of the major Outdoor categories. With significant presence in every major metropolitan centre, APN Outdoor offers its clients unparalleled reach across the country. Trading was challenging throughout 2008, with a particularly challenging fourth quarter.

During the year, APN acquired the operations of Media 1, the third largest billboard company in New Zealand. The acquisition added 130 premium sites to APN's existing national portfolio of 500 billboard sites, covering all major markets. The Adshel street furniture business continued to expand its inventory base. With the largest street furniture coverage in the country, 63% of New Zealanders live in Adshel areas.



ASIA

APN News & Media is a leading Outdoor advertising operator in Asia, with market leading businesses in Hong Kong, Indonesia and Malaysia.

APN's Asian markets boast some of the most vibrant cities in the world, with large volumes of vehicle and pedestrian traffic. A rapidly fragmenting media sector means Outdoor is the only true mass medium in those markets capable of reaching large numbers of people with a strong advertising message.

In Hong Kong, APN is the leading transit advertising business, where Buspak manages transit media for more than 5,700 buses under the operation of Citybus, Kowloon Motor Bus, New World First Bus and Long Win Bus. That amounts to about 500 bus routes stretching across Hong Kong Island, Kowloon and the New Territories. The fleet of double-decker buses are landmarks in the territory, many featuring whole vehicle 'wraps' that effectively make them supersite billboards on wheels. Innovations such as free wi-fi internet access on selected buses, as well as backlit panels on bus sides, were introduced in 2008 and received enthusiastic support from advertisers and passengers. Buspak was appointed the Beijing 2008 Olympic Games Equestrian Events Official Transit Advertising Agent. With Hong Kong a major gateway to mainland China, the Outdoor operation did experience some revenue improvement due to the Olympic effect.

APN also operates premium billboards in Hong Kong under the Cody brand. Established in 2000, the Cody network covers both tunnels and downtown areas in Hong Kong.

Trading in the Hong Kong market did ease off towards the end of the year as the impact of the global financial crisis spread into Asia. A strong focus on costs contributed to a good result as the market became more challenging.

APN is the leading operator of premium billboards in both Malaysia and Indonesia. The south Asian economies performed relatively better than their northern neighbours and good sales were achieved and prominent sites continued to attract good support from brand advertisers.

In Malaysia, the Kurnia Outdoor business has established itself as the premium billboard specialists, with a suite of high-visibility sites across Kuala Lumpur and other major centres. Advances in digital printing and display technologies have enabled Kurnia to tap into the significant brand advertising budgets for luxury goods, entertainment and cosmetics, which have become a feature of brand marketing in busy Asian cities.

In Indonesia, Rainbow Outdoor Advertising is also the premium billboard operator, with high profile positions around Jakarta and other metropolitan markets. A stable economic climate has enabled Rainbow to establish long-term commercial relationships with major multinational brand advertisers, which have been reflected in good revenue growth in recent years. While trading was challenging in the last quarter of 2008, significant restructuring to the business will enable us to take full advantage of any improvement in economic conditions.

CORPORATE GOVERNANCE

The Board of APN News & Media Limited endorses good corporate governance practices and oversees an organisation-wide commitment to high standards of legislative compliance and financial and ethical behaviour.

The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders and ensures the Company is properly managed.

The Company has considered the best practice recommendations established by the ASX Corporate Governance Council "Corporate Governance Principles and Recommendations" (2^{nd} edition) in effect during the reporting period (Recommendations) and, except to the extent indicated below, has complied with the Recommendations for the entire reporting period. In addition, a description of the Company's main corporate governance practices is set out below.

BOARD OF DIRECTORS

Board responsibilities

The Board is responsible for overseeing the long-term profitable growth of the Company. This is achieved through a process of regular reviews of strategy, operations and areas of risk. The Board sets overall corporate policy and provides guidance for senior management, as well as oversight of policy execution.

The responsibilities of the Board are to:

- oversee the workings of the Company, including its control and accountability systems;
- appoint and remove the Chief Executive;
- appoint and remove the Chief Financial Officer (based on the recommendation of the Chief Executive);
- appoint and remove the Company Secretary;
- provide input into and approve corporate strategy;
- provide input into and approve the annual operating budget (including the capital expenditure budget);
- approve and monitor the progress of major capital expenditure, capital management and acquisitions/divestitures;
- monitor compliance with legal and regulatory obligations; and
- review and ratify systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies.

Responsibility for the day-to-day operations of the Company is conferred on the Chief Executive who reports to the Board and provides the Board with information in relation to the conduct of the business of the Company.

Term of office

The Constitution of the Company specifies that there shall be no fewer than three Directors and no more than 20.

The Constitution of the Company specifies that at every Annual General Meeting one-third of the Directors (other than any Managing Director and Directors appointed since the most recent Annual General Meeting), or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office and be eligible for re-election.

The Directors to retire in every year shall be the Directors longest in office since last being elected or re-elected.

A Director appointed since the most recent Annual General Meeting shall hold office only until the next following Annual General Meeting and shall then be eligible for election by shareholders.

Composition and qualifications

The Board currently consists of 12 members: 11 non-executive Directors and one executive Director. During the reporting period two Directors retired from the Board and since the end of the reporting period one Director has joined the Board.

Details of the names, qualifications, tenure, skills, experience and Board Committee memberships of the current Directors and the meeting attendances of Directors during the reporting period appear on pages 31 to 33 of this Annual Report.

Board procedure

The Board meets formally on at least six occasions during the financial year. From time to time, meetings are held at the offices of divisional operations enabling Directors to obtain increased knowledge of individual Company operations.

Meeting agendas

Meeting agendas are settled by the Chairman of the Board with input from the Chief Executive to ensure adequate coverage of financial, strategic and major risk areas throughout the financial year. Directors add items to the agenda. From time to time, non-executive Directors discuss issues, on an as needs basis, without management present.

Independent advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, however, this will not be unreasonably withheld.

Independence of Directors

The Board does not comply with the definition of independence applicable to Recommendations 2.1 and 2.2 due to some Directors, including the Chairman, having an association with the significant shareholder, Independent News & Media PLC.

The Board believes that the existence of this association in relation to certain Directors does not interfere with the independent judgment of any of the Directors or impedes the Directors' ability to act in the best interests of the Company.

In terms of assessing independence, Directors are considered to meet the threshold for independence if they are independent of management and free from any business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Rather than applying materiality thresholds, materiality is assessed on a case-by-case basis.

In relation to the reporting period, the following Directors are considered by the Board to be independent:

AE Harris, Deputy Chairman
S Atkinson
KJ Luscombe
JH Maasland
PP Cody
WJ Whineray.

Sir Wilson Whineray retired as a Director on 6 May 2008.

In relation to the reporting period, the following Directors are affiliated with Independent News & Media PLC:

GK O'Reilly, Chairman
DJ Buggy
PM Cosgrove
LP Healy
AC O'Reilly
JJ Parkinson.

Mr Parkinson retired as a Director on 6 May 2008 and was succeeded by Mr Gavin O'Reilly as Chairman on 6 May 2008.

In relation to the Chief Executive, Mr Hopkins has been seconded by Independent News & Media PLC to the Company until 30 April 2012.

Performance evaluation

From time to time, including during the reporting period, the operation of the Board, its Committees and individual Directors and their performance are discussed and, where appropriate, measures are taken to enhance their effectiveness.

Board Committees

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of various issues.

Current Committees of the Board include among others, the Nomination Committee, Remuneration Committee and Audit Committee which all consist entirely of non-executive Directors.

Each of these Committees has its own formal charter setting out the authority delegated to it by the Board. Copies of the charters are available on the Company website.

All matters determined by these Committees are submitted to the full Board for ratification.

Nomination Committee

The Board established a Nomination Committee in 1997. During the reporting period the Nomination Committee consisted of the following non-executive Directors:

GK O'Reilly (Chairman)
S Atkinson
KJ Luscombe
JH Maasland.

Mr Parkinson was succeeded by Mr Gavin O'Reilly as a member and Chairman of the Nomination Committee on 6 May 2008.

The main role of the Nomination Committee is to:

- review the composition of the Board to ensure it is comprised of members who provide the required breadth and depth of experience and knowledge to achieve the objectives of the Board;
- ensure the filling of any vacancies on the Board with the best possible candidate through the use of executive search firms and/or by direct approach; and
- consider the appointment of additional Directors to provide the expertise to achieve the strategic and economic goals of the Group.

Once a potential candidate for the Board is identified, the Nomination Committee conducts a review of the relevant candidate's experience and qualifications and the needs of the Company and the Board. Following the review, the Nomination Committee may recommend to the Board that the candidate be appointed a Director of the Company.

Remuneration Committee

The Board established a Remuneration Committee in 1997. During the reporting period the Remuneration Committee consisted of the following non-executive Directors:

AE Harris (Chairman)
LP Healy
JH Maasland.

The main role of the Remuneration Committee is to:

- ensure that remuneration policies and practices are consistent with the strategic goals of the Group and are relevant to the achievement of those goals;
- review on an annual basis the remuneration of executive Directors, including establishing the overall benefits and incentives;
- review in consultation with the Chief Executive, remuneration packages of executives reporting directly to the Chief Executive;
- review non-executive Directors' remuneration and benefits;
- obtain independent advice, as necessary, on the appropriateness of remuneration; and
- be responsible for reviewing general incentive schemes and superannuation plans.

The performance of senior executives is evaluated on an on-going basis by the Chief Executive who then makes recommendations to the Remuneration Committee in relation to the appropriate level of remuneration for the senior executives based on their performance against budgeted profitability targets (either Group or divisional as appropriate) and the achievement of individual business objectives. The Remuneration Committee reviewed the remuneration of the senior executives (including the Chief Executive) during the reporting period.

Further details on remuneration policy and the structure of executive and non-executive Director remuneration and further details of the appraisal and performance evaluation applicable to senior executives appear on pages 21 to 28 of this Annual Report.

Audit Committee

The Board established an Audit Committee in 1993. During the reporting period the Audit Committee consisted of the following non-executive Directors:

JH Maasland (Chairman)
AE Harris
KJ Luscombe
DJ Buggy.

Following his retirement Sir Wilson Whineray was succeeded by Mr Maasland as a member and Chairman of the Audit Committee on 6 May 2008.

The Charter of the Audit Committee was reviewed by the Audit Committee during the reporting period and an updated Audit Committee Charter was adopted by the Board on 11 August 2008. The main role of the Audit Committee is to:

- review the scope and effectiveness of the internal and external audit functions, financial reporting and risk management;
- review and consider any reports or findings arising from any audit function either internally or externally;
- review the interim and annual financial statements;
- ensure that there are adequate disclosures and that the financial statements are consistent with previous statements and disclosures;
- assess the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets and other public bodies;
- review the appointment, independence, performance and remuneration of external auditors and assess the ability of the external auditors to provide additional services which may be occasionally required;
- review and assess the adequacy of compliance with all regulatory requirements and generally accepted accounting principles;
- review and monitor internal financial controls to ensure they are adequate and effective to minimise financial and other major operating risks;
- review the integrity and prudence of procedures for management control;
- consider the adequacy of internal controls by reviewing management letters and the response of management;
- review and approve risk management policy and consider reports on risk management; and
- assess the effectiveness of risk management throughout the Company and the Group and report to the Board on risk management.

The Audit Committee has unlimited and unrestricted access to management and employees and regular meetings are held with the external auditors, providing an essential direct link between the auditors, management and the Board.

Audit Committee meetings are held at least twice a financial year to evaluate the financial information submitted to it and to review any procedures and policies that would affect the accuracy of that information.

Audit Committee meetings are regularly attended by the Chief Executive, Chief Financial Officer, Company Secretary, other senior management and the external auditors, by invitation.

An on-going five year rotation policy applies to the engagement partner of the external auditor of the Company.

ENVIRONMENT

The Company supports best practice and is committed to complying with all relevant legislation in relation to both the production of its products and environmental issues generally. The Group regularly discusses new products and processes with its suppliers and environmental issues are considered as part of the decision-making process for such matters.

RISK MANAGEMENT

In addition to the role of the Audit Committee in the area of risk oversight and management, the Board monitors the operational and financial performance of all business units through regular reports from the Chief Executive to enable the identification of the key business and financial risks which may prevent the Group from achieving its objectives.

This enables the Directors and executives to be fully informed of such risks to ensure that appropriate controls are in place to effectively manage those risks.

The Audit Committee has reviewed proposals on the Company's internal audit and risk management framework and as a result of this review, the Board amended the Risk Management Policy and Audit Charter on 11 August 2008. A copy of the Risk Management Policy is available on the Company website. Implementation of enhancements to the Risk Management Policy and risk management framework endorsed by the Board are being pursued on an on-going basis. As part of the Company's risk management and internal compliance procedures, the Chief Executive and Chief Financial Officer are required to state to the Board in writing and in accordance with section 295A of the *Corporations Act 2001* that the Company's financial reports present a true and fair view of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. The Chief Executive and Chief Financial Officer also confirm that their statements to the Board are based on a sound system of risk management and internal compliance and controls and that this system is operating effectively in all material respects, and all material APN group risks are being managed effectively. Accordingly, through this statement, management reports to the Board as to the effectiveness of the Company's management of its material business risks.

The approach of the Group to risk management is based on:

- ensuring that each of its business divisions and the Group as a whole:
  - identify actual and potential risks which would have a material impact on the Group;
  - assess their impact on business and financial objectives of the Group;
  - implement effective and appropriate strategies and actions to address risk issues; and
- clearly identifying responsibility and accountability for financial, operational and risk management issues; and
- the continued review and assessment of the Group's approach to risk management.

Where appropriate, external professional advice is obtained to evaluate, assess and/or rectify potential key business or financial risks within the Group.

SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

As part of an overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available for all interested stakeholders in a timely fashion. The Company has a policy in place to ensure compliance with Australian Stock Exchange (ASX) and New Zealand Exchange (NZX) Listing Rules regarding disclosure and to ensure accountability at a senior management level for compliance. A copy of the Market Disclosure Policy is available on the Company website.

The Company website, www.apn.com.au, lists announcements made to the market, press releases, presentations to industry analysts and investors, and information regarding annual and interim financial results. The details are posted to the website as soon as practicable after release to the ASX and NZX. Copies of past Company Annual Reports and details of the outcome of Annual General Meetings are also available from the website, or upon request directly from the Company.

Announcements, press releases and financial data for the past three years are available on the Company website. Shareholders also have the option to receive certain electronic communications from the Company.

Shareholders attending the Annual General Meeting are able to ask questions of the external auditor, who is requested by the Company to attend each Annual General Meeting to respond to queries about the conduct of the audit and the preparation and content of the auditor's report.

As required by the NZX Listing Rules, the Company discloses the following:

- the rules set out in Appendix 17 of the NZX Listing Rules do not apply to the Company as it is a "Dual Listed Issuer" (as defined in the NZX Listing Rules); and
- the Company has been granted a waiver from NZSX Listing Rule 7.12.1, and has relied on the waiver during the year in order to allow the Company to disclose the aggregate number of shares issued under the Company's Executive and Director Option Plan within a month of their issue (as permitted by the ASX Listing Rules), rather than having to make multiple disclosures of issues under that plan as would otherwise be required by NZSX Listing Rule 7.12.1 (subject to certain conditions being complied with).

SECURITIES TRADING

Directors and executives are made aware that the law prohibits insider trading. The Directors are aware that the *Corporations Act 2001* and the ASX Listing Rules require disclosure of any trading undertaken by Directors or their related entities in Company securities. Executives are also aware that the NZX Listing Rules impose certain disclosure obligations on some executives.

During the reporting period, the Board established a policy prohibiting the entering into of any hedging or other arrangements by which the economic risk associated with any unvested options held pursuant to the Company's Executive and Director Option Plan are limited. This policy was adopted on 9 December 2008 and incorporated into the Securities Trading Policy and Guidelines. A copy of the Securities Trading Policy and Guidelines is available on the Company website.

ETHICAL STANDARDS

The Group has developed a Code of Conduct embracing policies and other standards within which employees are expected to act. The Code of Conduct was considered and updated by the Board on 11 August 2008. A copy of the Code of Conduct is available on the Company website.

In summary, all Directors and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and to act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Group, customers, suppliers and the community.

The Group is committed to compliance with all relevant laws and regulations and continually assesses its operations to ensure the health and safety of its employees and the protection of the environment and the community.

Your Directors present their report on the consolidated entity consisting of APN News & Media Limited (Company or parent entity) and the entities it controlled at the end of, or during, the year ended 31 December 2008.

1. DIRECTORS

The following persons were Directors of APN News & Media Limited during the whole year and up to the date of this report unless otherwise stated:

Gavin Karl O'Reilly (Chairman)
Albert Edward Harris (Deputy Chairman)
Brendan Michael Anthony Hopkins (Chief Executive)
Sallyanne Atkinson
Donal Joseph Buggy
Pierce Patrick Cody
Peter Maxwell Cosgrove
Vincent Connor Crowley (appointed 5 March 2009)
Liam Padraig Healy
Kevin John Luscombe
John Hendrik Maasland
Anthony Cameron O'Reilly
James Joseph Parkinson (retired 6 May 2008)
Wilson James Whineray (retired 6 May 2008)

Details of their qualifications and experience, special responsibilities, meetings attended and shareholdings are set out in this report and in a separate section following the financial statements titled "Information on shareholders", which is to be regarded as contained in this report.

2. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were the publishing of newspapers, magazines and directories in printed and online formats, radio broadcasting and outdoor advertising. The nature of the consolidated entity's activities did not change significantly during the financial year under review.

3. TRADING RESULTS

The result of the consolidated entity, including exceptional items, for the financial year was:

	2008 $'000	2007 $'000
Profit from continuing operations	**5,822**	206,007
Net profit attributable to minority interest	**(29,794)**	(38,571)
Net (loss)/profit attributable to members of the parent entity	**(23,972)**	167,436
Basic earnings per share	**(4.9) cents**	34.5 cents

The result of the consolidated entity, excluding exceptional items, for the financial year was:

	2008 $'000	2007 $'000
Profit from continuing operations	**170,220**	206,251
Net profit attributable to minority interest	**(30,119)**	(36,844)
Net profit attributable to members of the parent entity	**140,101**	169,407
Basic earnings per share	**28.6 cents**	34.9 cents

4. DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2008 $'000	2007 $'000
Unfranked final dividend for the year ended 31 December 2007 of 21.0 cents per share, paid on 24 April 2008 (2007: 20.0 cents per share, unfranked paid on 18 June 2007)	**102,761**	99,777
Unfranked interim dividend for the year ended 31 December 2008 of 10.5 cents per share, paid on 2 October 2008 (2007: 10.5 cents per share, unfranked paid on 27 September 2007)	**51,414**	52,446
	154,175	152,223

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of an unfranked final dividend of $58.8 million (12.0 cents per share) to be paid on 23 April 2009 for the year ended 31 December 2008.

5. REVIEW OF OPERATIONS

A review of operations of the consolidated entity for the year ended 31 December 2008 is set out on pages 3 to 13.

6. EARNINGS PER SHARE (EPS)

	2008 cents	2007 cents
Basic eps – post impairment and other exceptional items	**(4.9)**	34.5
Diluted eps – post impairment and other exceptional items	**(4.9)**	34.0
Basic eps – pre-impairment and other exceptional items	**(28.6)**	34.9
Diluted eps – pre-impairment and other exceptional items	**(28.6)**	34.4

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

8. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 20 March 2009 the Company received advice from the New Zealand Inland Revenue Department (NZIRD) that it had decided to discontinue the dispute in relation to the Masthead Licensing Agreement (MLA).

The decision confirms the taxation and accounting treatment adopted by the Company in relation to the MLA and means that no additional tax is payable. The decision is final and binding on the NZIRD.

Except as noted above, since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

9. LIKELY DEVELOPMENTS

Overall strategic direction and prospects are discussed in the Chairman's and Chief Executive's Reviews on pages 3 to 5.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the consolidated entity.

10. REMUNERATION REPORT

This Remuneration Report for the financial year has been prepared to comply with section 300A of the *Corporations Act 2001*. It also contains details required by AASB 124 *Related Party Disclosures*, which have been audited.

Directors

The Directors of APN News & Media Limited during the financial year are listed in section 1 of the Directors' Report.

Company and Group executives (other than Directors) of APN News & Media Limited

The Group's executive team was restructured during the period and the following Relevant Executives, together with Brendan Hopkins and the other Directors, were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the parent entity and consolidated entity during the financial year for the periods shown:

Name	Relevant period	Position	Employer
Peter Myers		Chief Financial Officer	APN News & Media Limited
Martin Simons		Group Publishing Chief Executive*	APN New Zealand Limited
Mark Jamieson	to 30 June 2008	CEO Australian Publishing	APN Newspapers Pty Ltd
Bob Longwell	to 30 June 2008	CEO Australian Radio	Australian Radio Network Pty Limited
Richard Herring		Group Radio and Outdoor Chief Executive*	APN Outdoor Pty Limited
Warren Lee		CEO APN Online	APN News & Media Limited
Rob Lourey	from 1 July 2008	Group Human Resources Director	APN News & Media Limited

* Appointed to this position as a result of the executive team restructure noted above

Remuneration of Directors and executives

Principles used to determine nature and amount of remuneration

The Remuneration Committee advises the Board on remuneration policy and principles generally, and makes recommendations on remuneration packages and other terms of employment annually.

To ensure that the Company is able to attract and retain executives capable of managing the consolidated entity's operations and achieve its performance goals, remuneration packages of executives are structured to:

- create value for shareholders;
- be competitive in the market;
- align executive reward with company performance; and
- reward the achievement of strategic objectives.

The Company's executive reward framework conforms with market best practice for delivery of reward.

In consultation with external reward consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The external reward consultants have advised that the remuneration arrangements for the Chief Executive and the other Relevant Executives are:

- competitive against an appropriate peer group as determined by the external reward consultants; and
- appropriately balanced between base reward, short-term incentive (STI) and long-term incentive (LTI).

The Company's reward framework achieves alignment to shareholders' interests by:

- having profit as a core component of STI;
- focusing on sustained growth in earnings by using earnings per share as a key driver of LTI; and
- being designed to attract and retain high calibre executives.

The framework provides a mix of fixed and variable pay, and a blend of STIs and LTIs. In respect of Relevant Executives with division specific responsibilities, STIs will generally be based on divisional performance whilst LTIs are based on overall Group performance. This aligns the overall Group objectives of creating shareholder value with the fact that the responsibilities of certain executives are limited to individual divisions.

As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Company performance in 2008

The performance linked approach to remuneration policy creates alignment between the generation of shareholder wealth and remuneration of key management personnel. In respect of the Group's financial performance over recent years where eps growth and other budgeted profitability targets have generally been met, then short term incentives criteria and eps hurdles have been satisfied and included in the remuneration outcomes for key management personnel.

As a result of the financial performance for 2008 being impacted by factors many of which were outside management's control including challenging trading conditions and capital markets, most divisional budgeted targets have not been met, overall eps growth is inadequate to satisfy the conditions required for vesting of long term incentives and the Company's share price has fallen below the exercise price of all outstanding options issued under the EDOP. As a result, key management personnel will receive no STI in respect of 2008 and presently have no value in any options which have vested as a result of historical eps performance but have not been exercised and it is considered improbable that any options granted in 2006 and 2008 will vest.

	2008	2007	2006	2005	2004	2003 A-GAAP
Net profit after tax (NPAT)*	**$140.1m**	$169.4m	$157.5m	$149.6m	$130.1m	$103.5m
Annual increase in NPAT	**(17.3%)**	7.6%	5.3%	15.0%	25.7%	14.7%
Dividends per share (dps)	**22.5c**	31.5c	29.7c	24.2c	22.0c	18.3c
Diluted earnings per share (eps)*	**28.6c**	34.4c	32.5c	30.3c	26.5c	22.8c
Annual increase in diluted eps	**(16.9%)**	5.8%	7.3%	14.3%	16.2%	10.1%
Share price at 31 December	**$2.48**	$5.27	$6.05	$4.80	$5.15	$4.00

* Pre exceptional items

The above table shows that, despite the difficult trading conditions experienced in 2008, in the five years since 2003 NPAT (pre exceptional items) has increased by 35%, dividends per share 23% and earnings per share (pre exceptional items) has increased 25%.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration Committee has responsibility for reviewing and recommending the level of remuneration for non-executive Directors in relation to Board and Committee duties, within the overall maximum amount approved by shareholders. This amount is currently a total of $750,000 per annum.

Non-executive Directors may receive retirement benefits in accordance with the Company's Constitution and the *Corporations Act 2001*.

Executive pay

The executive pay and reward framework has the following components:

Fixed remuneration

Fixed remuneration includes base salary, other fixed remuneration including fully costed salary packaged benefits such as motor vehicles (including fringe benefits tax as applicable) and superannuation. There are no guaranteed fixed remuneration increases for executives.

Other remuneration related costs

The Company incurs other remuneration related costs in respect of certain executives which are not regarded as part of the executive's fixed remuneration. Typically, such payments are ancillary to the executive's employment such as rental assistance or family travel in circumstances where the Company requires the executive to relocate. The other employment cost includes fringe benefit tax if applicable.

Retirement benefits

Retirement benefits are delivered to executives under a number of different schemes. All contributions made on behalf of executives are based on a percentage of base salary and in some instances on a total salary package basis. No Relevant Executives are members of defined benefit schemes.

Short-term incentives

STIs are earned through cash bonuses to certain executives subject to achieving certain performance goals. STIs in respect of any year are paid early in the next financial year following the finalisation of the audited results.

In determining the amount of the STIs to be paid, the Remuneration Committee has regard to achievement of budgeted profitability targets (either Group or divisional as appropriate) and achievement of individual business objectives. If budgeted targets are achieved, 50% of the maximum STI is payable (unless otherwise detailed in the individual contracts disclosed in this report). The balance of the STI is payable depending on the extent to which the budget is exceeded. The maximum STI is payable if budgets are exceeded by 10% other than as detailed in the individual contracts disclosed in this report. In certain exceptional circumstances, the Remuneration Committee may take account of other factors impacting on the year's results as well as the extent to which other business objectives have been achieved.

The Remuneration Committee considers evaluation of financial performance to be a critical criterion and one which can be objectively assessed against the actual audited results. The Remuneration Committee considers that the use of objective and verifiable data to test the achievement of performance aids transparency.

For 2008, the Remuneration Committee has determined that the proportion of the STI payable is as follows:

	STI payable	**STI forfeited**
Brendan Hopkins	0%	100%
Peter Myers	0%	100%
Martin Simons	0%	100%
Mark Jamieson	0%	100%
Bob Longwell	0%	100%
Richard Herring	0%	100%
Warren Lee	0%	100%
Rob Lourey	0%	100%

Generally, no part of the STI is payable where an executive leaves during the year.

Long-term incentives

The Company has provided LTIs to executives through participation in the Executive and Director Option Plan (EDOP). The terms of options granted to the Chief Executive in 2003, 2004 and 2006 were approved by shareholders prior to being issued. Options issued in 2003, 2004 and 2006 to Relevant Executives were issued on the same terms as the Chief Executive. The terms of options granted to Relevant Executives (excluding the Chief Executive) in 2008 were issued on terms approved by the Board. There were no options issued in 2005 or 2007. Eligibility for participation in the EDOP is at the discretion of the Board.

Options granted under the EDOP:

- are granted for no consideration and carry no dividends or voting rights;
- are generally exercisable between three and five years from the date of grant at the exercise price, subject to the satisfaction of performance hurdles;
- are convertible into one ordinary share per option;
- have an exercise price equal to the weighted average market price of the Company's shares sold on the ASX during the week immediately prior to and including the grant date;
- require the exercise price to be paid at the time of exercise of the options;
- cannot be transferred, encumbered or otherwise disposed of without the prior consent of the Board; and
- normally lapse if the optionholder ceases to be an employee of the Company or any of its subsidiaries, and in the case of a Director, ceases to hold office, otherwise than by death, permanent incapacity, redundancy or retirement. In these events, options are normally exercisable within 12 months of the occurrence of the event.

In addition to their standard terms, all of the current options of the Company have performance criteria that must be satisfied before an option or tranche of options may be exercised. The performance hurdles for an option or tranche of options involve a comparison of the Company's earnings per share performance over a period of time with a specified rate of growth.

The maximum number of ordinary shares in respect of which options may be granted under the plan may not exceed 10% of the total issued share capital of the Company from time to time without shareholder approval.

During the financial year the Board amended its Securities Trading Policy and Guidelines to give effect to its policy that holders of options held pursuant to the EDOP are not permitted to hedge their options prior to such options becoming vested. The Securities Trading Policy and Guidelines states that strict compliance with this Securities and Trading Policy and Guidelines is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Performance hurdles in relation to options granted in 2006

The 2006 options will only all be exercisable if the increase in earnings per share (as disclosed in the audited accounts of the Group) for the year ended 31 December immediately preceding any day on or between the first and last exercise date (Determination Date) compared with the earnings per share (as disclosed in the audited accounts of the Group) for the year ended 31 December three years prior to the Determination Date, exceeds a compound growth rate of 10% per annum.

In the event that the compound growth rate achieved by the Group is less than 5% per annum, then none of the options may vest.

In the event that the compound growth rate achieved by the Group is between 5% per annum and 10% per annum, then the percentage of the options that may vest will increase on a straight line basis between 50% and 100%.

In respect of the options issued during 2006, the minimum performance hurdles have not been satisfied as at 31 December 2008 and they are not likely to be achieved during the remaining life of the options.

Performance hurdles in relation to options granted in 2008

The 2008 options will only be exercisable to the extent set out in the table below if the compound growth in the earnings per share (as disclosed in the audited accounts of the Group) (EPS) for the financial year ending on:

- 31 December 2010 compared with the EPS for the financial year ended on 31 December 2007; or
- 31 December 2011 compared with the EPS for the financial year ended on 31 December 2007,

exceeds the compound growth rate in the table below.

Compound growth in EPS	Percentage of options that will vest
Less than 3% pa	0%
At or above 3% p.a. but less than 8% pa	50%-100% determined on a straight line pro-rata basis
At or above 8% pa	100%

The Directors consider that earnings per share represents the most objective long-term measure of the Group's performance and in determining whether the relevant performance hurdles have been satisfied, Directors are able to rely on the audited results for the relevant year.

In respect of options issued during 2008, the performance hurdles cannot first be tested until the audited accounts for the 2010 financial year have been finalised.

Employment contracts

Remuneration and other terms of employment for the Relevant Executives are formalised in employment contracts. The extent to which each key management executive's remuneration is performance based is described elsewhere in this Remuneration Report.

Fixed-term contracts

Brendan Hopkins, Chief Executive

The term of Mr Hopkins' secondment was extended to 30 April 2012. Mr Hopkins receives a base salary inclusive of superannuation, bonuses and other benefits, including eligibility to participate in the EDOP, which are reviewed annually by the Remuneration Committee. Mr Hopkins is eligible to receive a STI payment, heavily weighted towards the financial performance of the Group and determined in accordance with the principles for STIs detailed elsewhere in this report. Mr Hopkins' agreement also contains a restraint (including a non-compete) which applies for a period of 12 months after its termination in Australia, New Zealand and any other country in which the Company and its related entities operate.

Bob Longwell, CEO Australian Radio

The term of Mr Longwell's agreement is fixed until 31 December 2009. He receives a base salary, bonus and other benefits, which are reviewed from time to time by the Remuneration Committee of the Australian Radio Network, subject to approval by the Australian Radio Network Board. Mr Longwell participates in the EDOP. Mr Longwell is eligible to receive a STI payment, based on the financial performance of the Australian Radio Network. No more than 30% of the maximum STI is payable for achievement of budgeted EBIT for the year with further payments accruing to above budget performance.

Rolling contracts

Other Relevant Executives

Peter Myers	Chief Financial Officer
Martin Simons	Group Publishing Chief Executive
Mark Jamieson	CEO Australian Publishing
Richard Herring	Group Radio and Outdoor Chief Executive
Warren Lee	CEO APN Online
Rob Lourey	Group Human Resources Director

Contractual operating terms for these other Relevant Executives are substantially similar and contain confidentiality provisions.

Length of contract	Continuing.
Fixed compensation	Other Relevant Executives receive a base salary, inclusive of superannuation, and benefits which are reviewed annually by the Chief Executive, subject to approval of the Remuneration Committee.
Short-term incentives	Other Relevant Executives are eligible to receive a STI payment, heavily weighted towards the financial performance of the Group or the relevant division and determined in accordance with the principles for STIs detailed elsewhere in this report. In the case of the Chief Financial Officer, Mr Myers, 50% of his STI is payable on achieving Group budgeted NPAT and 50% is subject to other performance objectives as determined by the Remuneration Committee upon the recommendation of the Chief Executive. In the case of Mr Lourey, 50% of his STI is based on performance criteria determined by the Chief Executive relative to Group financial objectives and 50% is at the Chief Executive's discretion relative to an agreed human resources plan.
Long-term incentives	Other Relevant Executives are eligible to participate in the EDOP at the Board's discretion.
Termination	Employment may be terminated by either party giving 12 months' notice (six months in the case of Mr Lourey) or, where employment is terminated by the Company, payment may be made in lieu of notice.
Redundancy	If the Company terminates the employment of Messrs Simons, Jamieson, Herring or Lourey for reasons of redundancy, a termination payment would be paid depending on the length of their service, in each case not exceeding the following amounts: Mr Simons - two years' base salary; Mr Jamieson - 12 months' base salary; Mr Herring - 12 months' remuneration and Mr Lourey – six months' base salary.
Non-compete	Other Relevant Executives are subject to non-compete provisions for the term of their notice period. In the case of Mr Herring and Mr Lourey, the Company may elect to extend the non-compete by up to a further six months with the payment of up to a further six months' remuneration and in the case of Mr Lee, the Company may elect to extend the non-compete by up to a further 12 months with the payment of up to a further 12 months' base salary.

All contracts provide that employment may be terminated at any time without notice for serious misconduct.

Details of remuneration

Details of short-term and post-employment benefits paid to each Director of APN News & Media Limited and each of the Relevant Executives (including the five receiving the highest emoluments) of the consolidated entity are set out in the following tables:

Directors of APN News & Media Limited

		Cash salary *Short-term* *$*	Other fixed remuneration *Short-term* *$*	Superannuation *Post-employment* *$*	Bonus *Short-term* *$*	Other remuneration related costs *Short-term* *$*	Total excluding options *$*
Chief Executive and Director of APN News & Media Limited							
BMA Hopkins	**2008**	**1,726,575**	**147,713**	**406,756**	**-**	**350,765**	**2,631,809**
	2007	*1,671,500*	*143,917*	*387,387*	*825,000*	*280,628*	*3,308,432*
Non-executive Directors of APN News & Media Limited							
AE Harris	**2008**	**150,000**	**-**	**-**	**-**	**-**	**150,000**
	2007	*150,000*	-	-	-	-	*150,000*
WJ Whineray	**2008**	**41,967**	**-**	**319,068***	**-**	**-**	**361,035**
	2007	*120,000*	-	-	-	-	*120,000*
S Atkinson	**2008**	**68,807**	**-**	**6,193**	**-**	**-**	**75,000**
	2007	*68,807*	-	*6,193*	-	-	*75,000*
PP Cody	**2008**	**64,220**	**-**	**5,780**	**-**	**-**	**70,000**
	2007	*64,220*	-	*5,780*	-	-	*70,000*
PM Cosgrove	**2008**	**65,926**	**-**	**5,572**	**-**	**-**	**71,498**
	2007	*66,045*	-	*5,577*	-	-	*71,622*
KJ Luscombe	**2008**	**85,000**	**-**	**-**	**-**	**-**	**85,000**
	2007	*85,000*	-	-	-	-	*85,000*
JH Maasland	**2008**	**82,569**	**-**	**7,431**	**-**	**-**	**90,000**
	2007	*82,569*	-	*7,431*	-	-	*90,000*
AC O'Reilly	**2008**	**64,220**	**-**	**5,780**	**-**	**-**	**70,000**
	2007	*64,220*	-	*5,780*	-	-	*70,000*
Total 2008		**2,349,284**	**147,713**	**756,580**	**-**	**350,765**	**3,604,342**
Total 2007		*2,372,361*	*143,917*	*418,148*	*825,000*	*280,628*	*4,040,054*

* Includes benefit paid out on retirement of office in accordance with the Corporations Act 2001.

Directors not specified in above table received no remuneration.

Consistent with previous years, certain Directors affiliated with Independent News and Media PLC do not receive Directors' fees from the Company.

The Company pays fees to Independent News & Media PLC including reimbursements for services provided including travel and ancillary expenses, provision of unlimited live editorial copy, and advisory services on a range of matters including global media and advertising trends and product development (refer note 25).

Amortised cost to the Company of options issued to Directors, as required by AASB 124 *Related Party Disclosures*

BMA Hopkins: -$300,361 (2007: $282,133).

Total cost to Company after inclusion of the amortised cost of options

BMA Hopkins $2,331,447 (2007: $3,590,565), AE Harris $150,000 (2007: $150,000), WJ Whineray $361,035 (2007: $120,000), S Atkinson $75,000 (2007: $75,000), PP Cody $70,000 (2007: $70,000), PM Cosgrove $71,498 (2007: $71,622), KJ Luscombe $85,000 (2007: $85,000), JH Maasland $90,000 (2007: $90,000) and AC O'Reilly $70,000 (2007: $70,000).

Total cost to Company in 2008 for all Directors was $3,303,981 (2007: $4,322,187).

Relevant Executives

		Cash salary *Short-term* *$*	Other fixed remuneration *Short-term* *$*	Superannuation *Post-employment* *$*	Bonus *Short-term* *$*	Other remuneration related costs *Short-term* *$*	Total excluding options *$*
Peter Myers	**2008**	**664,002**	**-**	**42,385**	**-**	**953**	**707,340**
	2007	*640,115*	*-*	*42,385*	*400,000*	*4,495*	*1,086,995*
Martin Simons	**2008**	**702,985**	**41,688**	**69,158**	**-**	**50,040**	**863,871**
	2007	*665,566*	*40,892*	*66,522*	*100,000*	*31,642*	*904,622*
Mark Jamieson	**2008**	**211,287**	**18,412**	**22,970**	**-**	**-**	**252,669***
	2007	*420,000*	*26,250*	*42,000*	*200,000*	*-*	*688,250*
Bob Longwell	**2008**	**208,632**	**58,668**	**-**	**-**	**28,829**	**296,129***
	2007	*390,675*	*115,225*	*-*	*-*	*56,805*	*562,705*
Richard Herring	**2008**	**474,771**	**-**	**42,729**	**-**	**35,459**	**552,959**
	2007	*458,714*	*-*	*41,286*	*280,000*	*23,652*	*803,652*
Warren Lee	**2008**	**530,249**	**-**	**14,110**	**-**	**8,222**	**552,581**
	2007	*512,000*	*-*	*13,000*	*250,000*	*10,500*	*785,500*
Rob Lourey	**2008**	**150,000**	**-**	**50,000**	**-**	**-**	**200,000**
	2007	*-*	*-*	*-*	*-*	*-*	*-*
Total 2008		**2,941,926**	**118,768**	**241,352**	**-**	**123,503**	**3,425,549**
Total 2007		*3,087,070*	*182,367*	*205,193*	*1,230,000*	*127,094*	*4,831,724*

* Six months to 30 June 2008 pursuant to executive team restructure as previously described.

In addition to no short-term incentive payments for 2008 the Chief Executive and all Relevant Executives will receive no salary increases in 2009.

Amortised cost to the Company of options issued to Relevant Executives, as required by AASB 124 *Related Party Disclosures*

P Myers -$100,120 (2007: $80,456), M Simons -$80,096 (2007: $64,364), M Jamieson -$12,014 (2007: $18,129),
B Longwell -$50,060 (2007: $40,228), R Herring -$80,096 (2007: $64,364) and W Lee -$72,087 (2007: $48,058).

Total cost to Company after inclusion of the amortised cost of options

P Myers $607,220 (2007: $1,167,451), M Simons $783,775 (2007: $968,986), M Jamieson $240,655 (2007: $706,379),
B Longwell $246,069 (2007: $602,933), R Herring $472,863 (2007: $868,016), W Lee $480,494 (2007: $833,558) and R Lourey $200,000 (2007: Nil).

Total cost to Company in 2008 for all Relevant Executives other than the Chief Executive $3,031,076 (2007: $5,147,323).

Equity instrument disclosures relating to Directors and Relevant Executives

The key terms and conditions of each grant of options affecting remuneration of Directors and Relevant Executives in this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date first exercisable (subject to performance hurdles)
24 May 2003	24 May 2008	$3.34	$0.44	24 May 2006
29 April 2004	29 April 2009	$3.85	$0.61	29 April 2007
2 May 2006	2 May 2011	$5.02	$0.80	2 May 2009
2 June 2008	2 June 2013	$3.96	$0.55	2 June 2011

Option holdings

Options granted to Directors and Relevant Executives for the year ended 31 December 2008 are shown in the table below.

	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Balance at end of the year	Options vested during the year	Vested and exercisable at end of the year
Directors of APN News & Media Limited						
BMA Hopkins	**2,500,000**	-	-	**2,500,000**	-	1,000,000
Total Directors	**2,500,000**	-	-	**2,500,000**	-	1,000,000
Relevant Executives						
P Myers	**800,000**	500,000	(100,000)	**1,200,000**	-	200,000
M Simons	**695,000**	400,000	(55,000)	**1,040,000**	-	240,000
M Jamieson	**100,000**	400,000	-	**500,000**	-	-
B Longwell	**250,000**	200,000	-	**450,000**	-	-
R Herring	**640,000**	400,000	-	**1,040,000**	-	240,000
W Lee	**400,000**	400,000	**-**	**800,000**	**-**	**-**
R Lourey	**-**	200,000	**-**	**200,000**	**-**	**-**
Total Relevant Executives	**2,885,000**	2,500,000	(155,000)	**5,230,000**	-	680,000

Directors not specified in above table hold no options.

Value of options exercised and shares issued

Details of ordinary shares in the Company issued as a result of the exercise of options by each Director of APN News & Media Limited and each Relevant Executive of the consolidated entity during the year are as follows:

	Date of exercise of options	Number of options exercised and ordinary shares issued	Amount paid per share	Value of each option when exercised	Total value of options exercised
Directors of APN News & Media Limited					
N/A					
Relevant Executives					
Peter Myers	7 April 2008	100,000	$3.85	$0.68	$68,000
Martin Simons	23 May 2008	55,000	$3.34	$0.62	$34,100

Shareholding information

The number of ordinary shares in the Company held by each Director of APN News & Media Limited and each of the Relevant Executives for the year ended 31 December 2008, including their related parties, is set out below:

	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at end of the year
Directors of APN News & Media Limited				
JJ Parkinson	100,000	-	(100,000)	**-**
AE Harris	550,956[1]	-	30,000	**580,956**[1]
WJ Whineray	-	-	-	**-**
BMA Hopkins	1,123,330	-	(100,000)	**1,023,330**
S Atkinson	13,022	-	-	**13,022**
DJ Buggy	-	-	-	**-**
PP Cody	105,024	-	-	**105,024**
PM Cosgrove	100,000	-	-	**100,000**
LP Healy	581,112	-	-	**581,112**
KJ Luscombe	55,876	-	-	**55,876**
JH Maasland	-	-	-	**-**
AC O'Reilly	1,000,000	-	-	**1,000,000**
GK O'Reilly	20,000	-	-	**20,000**
Relevant Executives				
P Myers	260,000	100,000	(150,000)	**210,000**
M Simons	-	55,000	-	**55,000**
M Jamieson	619	-	(349)	**270**
B Longwell	-	-	-	**-**
R Herring	60,000	-	(40,000)	**20,000**
W Lee	-	-	-	**-**

[1] In addition, Mr AE Harris is a Director of a trustee company which holds 335,898 shares for the benefit of other parties.

The information provided in the above table is based on information known to the Directors and Relevant Executives of the Company.

In relation to any holdings of related parties (as defined in AASB 124 *Related Party Disclosures*), the Directors and Relevant Executives have no control or influence over the financial affairs of the related parties to substantiate their holdings.

Loans to Directors and Relevant Executives

There are no loans made to Directors of the Company or Relevant Executives.

Other transactions with Directors and Relevant Executives

Details of other transactions with Directors and Relevant Executives are provided in note 25 to the financial statements.

11. SHAREHOLDINGS AND OPTIONS

Note 15 to the financial statements contains details of the following:

- the number of unissued shares of APN News & Media Limited under option at 31 December 2008; and
- shares issued during the financial year as a result of the exercise of options.

The Remuneration Report contains details of shareholdings of the Directors and Relevant Executives as at 31 December 2008. No options were granted since the end of the financial year.

12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The parent entity's Constitution provides for an indemnity for Directors against any liability incurred by a Director in their capacity as an officer. Under the *Corporations Act 2001*, this indemnity does not extend to a liability to the parent entity or a related body corporate of the parent entity, a liability for a pecuniary penalty or compensation order under certain provisions of the *Corporations Act 2001* or a liability that is owed to someone other than the parent entity or a related body corporate of the parent entity which did not arise out of conduct in good faith.

13. INSURANCE OF DIRECTORS AND OFFICERS

The parent entity has paid for an insurance policy for the benefit of all persons who are or have been Directors or officers of the parent entity or the consolidated entity against liabilities incurred during the financial year. The insured persons include current and former Directors, officers and company secretaries of the parent entity and the consolidated entity. The insurance policy specifically prohibits the disclosure of the nature of the liability covered and the premium paid.

14. ENVIRONMENTAL REGULATION

The Directors recognise the importance of environmental and occupational health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees. The operations of the consolidated entity are not subject to any particular and significant environmental regulation under the law of the Commonwealth of Australia or any of its states or territories, or New Zealand.

15. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in this report and the financial report. Amounts in this report and the financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that Class Order.

16. CLASS ORDERS

The Company has utilised the following Class Orders in the financial report and this report:

- Class Order 98/1418 relieving wholly-owned entities from preparing financial and directors' reports; and
- Class Order 98/2395 allowing transfer of information from this report to other parts of the Annual Report.

17. INFORMATION ON DIRECTORS

Director	Qualifications	Responsibility
GK O'Reilly	BScBA (Hons). Mr O'Reilly was appointed to the Board in 2004. He has been Group Chief Operating Officer of Independent News & Media PLC since December 2001. He joined the international media group in 1993 and has held various roles. He formerly worked in London for the global advertising group DDB Needham. In the late 80s, he also worked in Stockbroking in London and Asia. He is President of the World Association of Newspapers, Chairman of Dromoland Castle Hotel and serves on the board of Independent News & Media PLC (since May 1997) and its subsidiaries, Jagran Prakashan Limited, PT Abdi Bangsa (Indonesia), Norkom PLC, TVC PLC, and numerous charitable foundations including the Ireland Funds.	Non-executive Chairman of the Board of Directors, Chairman of Nomination Committee, Chairman of Allotment Committee, Chairman of Options Committee, Member of Remuneration Committee
AE Harris AC	F.INST.D, FAIM, FAICD. Mr Harris has been a Board Member since March 1992 and Deputy Chairman since December 1994. He was Managing Director and Chief Executive Officer of the Ampol Group from 1977 to 1987 and Chairman of Australian Airlines from 1987 to 1992. Currently, Mr Harris is Chairman of Thakral Holdings (Director since 1994), the Australian Radio Network and St Vincent's Clinic Foundation. He is Life Governor of the Melanoma Foundation and a Life Member of the Australian Sports Commission. He was Chairman of the Zoological Parks Board of NSW from 1973 to 1990. Mr Harris started his career as a broadcaster and journalist with the Macquarie Broadcasting Service and he is a former Commissioner of the ABC. He was Trustee for the Walkley Awards from 1976 to 1980. He was previously Chairman of Gazal Corporation Limited (Director 1989 to 2004) and Deputy Chairman of Metcash Limited (Director 1994 to 2007).	Non-executive Director, Deputy Chairman, Chairman of Remuneration Committee, Member of Audit Committee
BMA Hopkins	BA. Mr Hopkins was appointed CEO in August 2002 and has been a Board Member since that time. He has over 20 years experience managing media businesses in a number of countries. He is a Freeman of the City of London, Honorary Vice President of the British Vascular Foundation, Patron of the European Australian Business Council, a Governor of The Australian Ireland Fund, a member of the Board of the Australian Chamber Orchestra and Chairman of The Newspaper Works (the Australian Newspaper Industry Body). He was previously a Director of iTouch PLC (UK) and was a Director of Independent News & Media PLC from April 1990 to November 2008.	Chief Executive, Member of Allotment and Options Committees
S Atkinson	BA, FAICD, FAIM, FAMI. Ms Atkinson has been a Board Member since August 1999. She is Chairman of the Commonwealth Taskforce on Dementia and of the Crawford Fund (Qld). She is on the Boards of The Australian Ballet, The Australian Ireland Fund and the Waltzing Matilda Centre at Winton. From 1994 to 1997, she was Australia's Senior Trade Commissioner to France, with responsibility for Belgium, Luxembourg, Morocco, Algeria and Tunisia. From 1985 to 1991, she was Lord Mayor of Brisbane. Her past involvements have included being a founding member of the Board of the United Nations' International Council for Local Environment Initiatives, the inaugural Chairman of Sustainable Development Australia and Deputy Mayor of the Athletes' Village at the Sydney Olympic Games. Among her previous directorships have been companies as diverse as Caltex, Abigroup and ABC Learning Centres (October 2001 to May 2008).	Non-executive Director, Member of Nomination Committee
DJ Buggy	BComm, FCA. Mr Buggy has been a Board Member since October 2003. A Chartered Accountant, he was appointed Chief Financial Officer and a Director of Independent News & Media PLC in 2002. He joined Independent News & Media PLC in 1996 as Group Finance Manager and was appointed Group Financial Controller in 1999. Mr Buggy was previously audit manager with an international accounting firm. He is also a Director of a number of Independent News & Media PLC subsidiaries, including Independent News & Media (Australia) Limited, News & Media NZ Limited and Independent News & Media (South Africa) Pty Limited.	Non-executive Director, Member of Audit Committee
PP Cody	Mr Cody was appointed to the Board in 2003. Mr Cody founded Cody Outdoor Australasia and was formerly the Chief Executive of APN Outdoor. He has more than 27 years' experience in the advertising industry. Mr Cody is currently the co-owner and Executive Chairman of Macro Life Pty Ltd (trading as Macro Wholefoods Market) Australia's largest organic supermarkets, and is a Governor and Director of The Australian Ireland Fund. Between 1999 and 2007 Mr Cody was a non-executive Director of Adcorp Australia Limited.	Non-executive Director, Member of Nomination Committee
PM Cosgrove	Mr Cosgrove has been a Board Member since December 2003. Founder of the Buspak group of companies in Australia, New Zealand and Hong Kong, he has more than 20 years' experience in the outdoor advertising industry. He is non-executive Chairman of Buspak Hong Kong (since June 2003), as well as non-executive Deputy Chairman of Clear Media Limited (Director since April 2001), which is listed on the Stock Exchange of Hong Kong. He is also a Director of Independent News & Media PLC (since 1988) and Chairman of GlobeCast Australia Pty Limited (since June 2002), a broadcasting company.	Non-executive Director, Member of Nomination Committee

17. INFORMATION ON DIRECTORS (continued)

Director	Qualifications	Responsibility
VC Crowley (Appointed 5 March 2009)	BA, FCA. Mr Crowley was appointed to the Board in March 2009. He was Chief Executive of APN from 2000-2002, having previously held the position of Finance Director from 1996 to 2000. A chartered accountant, he joined Independent News & Media PLC in 1990, became a Director in 1997 and was appointed Chief Executive of Independent News & Media – Ireland in August 2002. Mr. Crowley was previously an audit manager with an international accountancy firm. He is also a director of a number of Independent News & Media PLC subsidiaries and associated companies.	Non Executive Director
LP Healy	FCA. Mr Healy has been a Board Member since May 1988, was acting Chief Executive from 1988 to 1989, Deputy Chairman from March 1992 to 1994 and Chairman from 1995 to 2002. He was Group Chief Executive of Independent News & Media PLC from 1991 to 2000 and Deputy Chairman from 2000 to December 2008, when he retired from the Board. A Chartered Accountant, he joined Independent News & Media PLC in 1963 and was appointed Finance Director in 1971. Two years as Managing Director of Independent News & Media PLC's Dublin newspaper operations from 1979 were followed by his appointment as Managing Director International in 1981. He was previously a Director of News & Media NZ Limited.	Non-executive Director, Member of Remuneration Committee
KJ Luscombe AM	FAICD, FAIM, CPM. Mr Luscombe has been a Board Member since October 1997. Following a successful corporate career in Australia and USA, and Board roles in several SE Asian companies, he founded a marketing and research consultancy in 1976. In 1980, he started the advertising agency Luscombe & Partners, sold it to Clemenger BBDO in 1998, and joined their Board. He is Executive Chairman of the management consultancy Growth Solutions Group. He is also a Director of Landis+Gyr (since September 2002) and Melbourne Food and Wine (since August 2004). In 1998, he was appointed Adjunct Professor at the Graduate School of Management, Swinburne University. He was the recipient of the 2001 Sir Charles McGrath Award for marketing excellence.	Non-executive Director, Member of Audit and Remuneration Committees
JH Maasland	MA (Cantab). Mr Maasland has been a Board Member since December 2003. Mr Maasland has extensive business experience in the media industry and in New Zealand, and serves on a number of private and public company boards. He is also a Director of Hellaby Holdings Ltd (since April 2008) and a Director of Delegat's Group (since October 2004). He was until recently also Chairman and a Trustee of the Royal New Zealand Ballet (October 1998 to October 2007) and Chairman of Auckland International Airport (October 2006 to November 2007).	Non-executive Director, Chairman of Audit Committee, Member of Nomination Committee
AC O'Reilly	BA (Hons) Oxon. Mr O'Reilly is the Founder and Chief Executive Officer of Landis + Gyr Holdings (formerly Bayard Group). He was Chief Executive of APN from May 1996 to July 2000, having previously held the position of Deputy Chief Executive. Mr O'Reilly has been a Board Member since 1988. He is a Director of Independent News & Media PLC (since May 1992) and on the Board of The Australian Ireland Fund. He was previously a Director of IRESS Market Technology Ltd (October 2001 to September 2006) and Gazal Corporation Limited (July 2002 to November 2005).	Non-Executive Director

17. INFORMATION ON DIRECTORS (continued)

Directors who held office for part of the year:

Director	**Qualifications**
JJ Parkinson	MA, FCA. Mr Parkinson was appointed Chairman in May 2002, having been first appointed to the Board in March 1999. He joined Independent News & Media PLC in 1981 after working with an international accounting firm, initially as Financial Controller of its Irish operations and was made Group Financial Controller in 1985. In 1988, he was appointed to the Board of Independent News & Media PLC and served as Group Finance Director from 1988 to 2002. He is also Chairman of News & Media NZ Ltd and a former President of the Financial Executives Association of Ireland. He was previously a Director of iTouch PLC (UK).
Sir WJ Whineray KNZM, OBE	MBA, BCom. Sir Wilson had been a Board Member since March 2002. He joined Alex Harvey Industries Limited in 1969, which in 1985 became Carter Holt Harvey Limited. During this time, he held several management positions and was Deputy Managing Director from 1987 until his retirement in June 1993. He retired as Chairman of Carter Holt Harvey Limited in 2003, retired as Chairman of The National Bank of New Zealand Limited in 2004 and retired as a Director of Auckland International Airport Limited in 2005. He is currently a Director of Nestlé New Zealand Limited, a Trustee of Eden Park Board of Control and The Dilworth Trust and Chairman of the New Zealand S.A.S.Trust. He was previously a Director of News & Media NZ Limited.

18. DIRECTORS' MEETINGS

The number of meetings of the full Board of Directors and Board Committees held in the period each Director held office during the financial year and the number of those meetings attended by each Director were:

Director	**Board of Directors**		**Audit Committee**		**Remuneration Committee**		**Nomination Committee**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
JJ Parkinson	2	2[1]					1	1
AE Harris	8	8	4	4	3	3		
WJ Whineray	2	2[1]	4	2[1]				
BMA Hopkins	8	8						
S Atkinson	8	8					1	1
DJ Buggy	8	7[2]	4	4				
PP Cody	8	8						
PM Cosgrove	8	7[2]						
LP Healy	8	7[2]			3	3		
KJ Luscombe	8	8	4	4			1	1
JH Maasland	8	7	4	2[1]	3	3	1	1
AC O'Reilly	8	7[2]						
GK O'Reilly	8	7[2]						

[1] Details of changes to Board and Committee members during the period are included on pages 15 and 16 in Corporate Governance. JJ Parkinson and WJ Whineray retired on 6 May 2008.
[2] Non-attendance due to potential conflicts of interest.

Five meetings of the Allotment Committee were held and were attended by JJ Parkinson (2), GK O'Reilly (3) and BMA Hopkins (5).

Three meetings of the Options Committee were held and attended by GK O'Reilly (3) and BMA Hopkins (3).

Four meetings of a Board Committee formed to review and approve the half-yearly and annual financial statements, dividend payments, 2007 Annual Report and Notice of Meeting were held and were attended by AE Harris (4) and BMA Hopkins (4).

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of a court under section 237 of the *Corporations Act 2001*.

20. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, *Code of Ethics for Professional Accountants* follows immediately after this Directors' Report.

21. NON-AUDIT SERVICES

Full details of the amounts paid or payable to the auditors for audit and non-audit services provided, during the financial year, are set out in note 4 to the financial statements.

During the financial year, the Company's auditor, PricewaterhouseCoopers, received or is due to receive $730,000 for the provision of non-audit services. In addition, KPMG (auditors of a controlled entity) received or is due to receive $262,000 for the provision of non-audit services.

The Company auditor has provided the Directors with an Auditor's Independence Declaration in relation to the audit, a copy of which follows immediately after this Directors' Report. The auditor has also confirmed to the Directors that it has in place independence quality control systems which support its assertions in relation to its professional and regulatory independence as auditor of the consolidated entity (including the requirements of APES 110 *Code of Ethics for Professional Accountants*).

The Audit Committee has reviewed the fees provided to the auditor for non-audit services in the context of APES 110, the requirements of the Audit Committee Charter and general corporate governance practices adopted by the consolidated entity.

Based on the above factors, the Audit Committee has no reason to believe that there has been any compromise in the independence of the auditor due to the provision of these non-audit services and has advised the Board accordingly.

In accordance with the advice of the Audit Committee, the Directors are therefore satisfied that the provision of non-audit services, during the financial year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and that the provision of non-audit services during the financial year did not compromise the auditor independence requirements of the *Corporations Act 2001*.

22. QUALIFICATIONS AND EXPERIENCE OF COMPANY SECRETARY

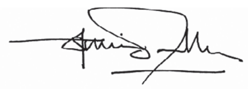
Yvette Lamont
Company Secretary and Group General Counsel

Yvette Lamont is a Solicitor who was admitted to the Supreme Court of NSW in 1987 and the High Court of Australia in 1988.

Ms Lamont has been in her current role with the Company since November 1998 and was previously the General Counsel of the publicly listed pay television company Australis Media Limited, was a Senior Associate with the law firm Allens Arthur Robinson in the Media and Technology Group and was a Solicitor with the law firm Boyd, House & Partners.

She is a Committee Member of the Media and Communications Committee of the Law Council of Australia, is a Member of the Australian Institute of Company Directors and has attended courses at the Chartered Secretaries Institute.

This report is issued in accordance with a resolution of the Directors.



G K O'Reilly
Director

BMA Hopkins
Director

Sydney
24 March 2009

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Auditor's Independence Declaration

As lead auditor for the audit of APN News & Media Limited for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of APN News & Media Limited and the entities it controlled during the period.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Sydney
24 March 2009

for the year ended 31 December 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Revenue before finance income	2	**1,226,389**	1,314,573	**-**	-
Other income (including exceptional items)	2	**28,616**	25,666	**207,515**	121,910
Expenses before finance costs (including impairment and other exceptional items)	2	**(1,175,126)**	(1,031,979)	**(4,536)**	(3,705)
Finance income	2	**3,300**	5,982	**18,222**	18,605
Finance costs	2	**(78,833)**	(69,341)	**(9)**	(3,941)
Net finance costs		**(75,533)**	(63,359)	**18,213**	14,664
Share of profits of associates	23	**6,484**	6,829	**-**	-
Profit before income tax expense		**10,830**	251,730	**221,192**	132,869
Income tax expense	5	**(5,008)**	(45,723)	**(3,601)**	(4,466)
Profit from continuing operations		**5,822**	206,007	**217,591**	128,403
Net profit attributable to minority interest		**(29,794)**	(38,571)	**-**	-
Net (loss)/profit attributable to members of the parent entity	16	**(23,972)**	167,436	**217,591**	128,403

		cents	cents
Basic earnings per share	26	**(4.9)**	34.5
Diluted earnings per share	26	**(4.9)**	34.0

as at 31 December 2008

	Note	Consolidated		Parent entity	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Current assets					
Cash and cash equivalents		**58,721**	88,814	**545**	512
Receivables	6	**195,980**	246,380	**81**	36
Inventories	7	**20,476**	21,988	**-**	-
Tax assets	11	**906**	5,628	**-**	5,628
Other	11	**31,964**	29,998	**26**	29
Total current assets		**308,047**	392,808	**652**	6,205
Non-current assets					
Receivables	6	**4,895**	9,289	**877,060**	378,329
Other financial assets	8	**22,628**	37,334	**209,625**	544,224
Investments accounted for using the equity method	23	**35,384**	29,155	**-**	-
Property, plant and equipment	9	**290,909**	298,863	**-**	-
Intangible assets	10	**1,661,603**	1,813,369	**-**	-
Deferred tax assets	11	**-**	-	**14,068**	14,467
Total non-current assets		**2,015,419**	2,188,010	**1,100,753**	937,020
Total assets		**2,323,466**	2,580,818	**1,101,405**	943,225
Current liabilities					
Payables	12	**150,298**	178,296	**9**	340
Derivative financial instruments	12	**5,770**	2,093	**-**	-
Interest bearing liabilities	13	**155,620**	94,768	**-**	-
Current tax provisions	14	**6,480**	18,941	**596**	-
Provisions	14	**20,639**	7,530	**-**	-
Total current liabilities		**338,807**	301,628	**605**	340
Non-current liabilities					
Payables	12	**4,528**	5,162	**91,847**	-
Interest bearing liabilities	13	**807,567**	840,905	**-**	-
Deferred tax liabilities	11	**121,586**	156,001	**-**	-
Provisions	14	**1,586**	1,352	**-**	-
Total non-current liabilities		**935,267**	1,003,420	**91,847**	-
Total liabilities		**1,274,074**	1,305,048	**92,452**	340
Net assets		**1,049,392**	1,275,770	**1,008,953**	942,885
Equity					
Contributed equity	15	**920,802**	916,572	**920,802**	916,572
Reserves	16	**(28,268)**	13,467	**5,181**	6,759
(Accumulated losses)/retained profits	16	**(76,375)**	101,772	**82,970**	19,554
Total parent entity interest		**816,159**	1,031,811	**1,008,953**	942,885
Minority interest	16	**233,233**	243,959	**-**	-
Total equity		**1,049,392**	1,275,770	**1,008,953**	942,885

for the year ended 31 December 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Total equity at beginning of the year		**1,275,770**	1,172,342	**942,885**	867,127
Exchange differences on translation of foreign operations	16	**(32,985)**	(14,422)	-	-
Unrealised exchange differences on currency hedges	16	**(2,056)**	1,677	-	-
Revaluation of investments	16	**(5,118)**	130	-	-
Net income recognised directly in equity		**(40,159)**	(12,615)	-	-
Profit from continuing operations		**5,822**	206,007	**217,591**	128,403
Recognised income and expense for the year		**(34,337)**	193,392	**217,591**	128,403
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	15	**4,230**	157,493	**4,230**	157,493
Share buy-back		**-**	(58,500)	**-**	(58,500)
Option expense	16	**(1,578)**	585	**(1,578)**	585
Dividends provided for or paid	17	**(154,175)**	(152,223)	**(154,175)**	(152,223)
Other transactions with minority interest		**(40,518)**	(37,319)	-	-
Total equity at end of the year		**1,049,392**	1,275,770	**1,008,953**	942,885
Recognised income and expense for the year is attributable to:					
Members of APN News & Media Limited		**(64,131)**	154,821	**217,591**	128,403
Minority interest		**29,794**	38,571	**-**	-
Recognised income and expense for the year		**(34,337)**	193,392	**217,591**	128,403

for the year ended 31 December 2008

	Note	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Cash flows from operating activities					
Receipts from customers		1,418,808	1,448,208		3,919
Payments to suppliers and employees		(1,134,913)	(1,156,436)	(6,441)	(3,324)
Dividends received		1,081	1,277	207,515	118,000
Interest received		3,300	5,982	18,222	18,605
Interest paid		(83,655)	(71,769)	(9)	(4,970)
Income taxes (paid)/refunded		(30,679)	(15,935)	4,383	14,693
Net cash inflows from operating activities	27	173,942	211,327	223,670	146,923
Cash flows from investing activities					
Payments for purchase of controlled entities	22	(5,871)	-	-	-
Payments for investments		(456)	(13,618)	-	-
Payments for property, plant and equipment		(62,761)	(65,596)	-	-
Proceeds from sale of property, plant and equipment		20,908	29,766	-	-
Payments for software		(4,637)	(2,336)	-	-
Payments for goodwill		(3,651)	(87,182)	-	-
Payments for other intangible assets		(3,752)	(9,019)	-	-
Other		-	2,439	-	-
Net cash outflows from investing activities		(60,220)	(145,546)	-	-
Cash flows from financing activities					
Loans repaid by/(advanced to):					
Other entities		1,377	1,162	(73,692)	55,521
Director-related entities		(559)	711	-	-
Associates		(2,656)	(5,571)	-	-
Proceeds from issues of shares		1,832	11,327	1,832	11,327
Share buy-back		-	(58,500)	-	(58,500)
Proceeds from borrowings		295,059	506,299	-	-
Repayments of borrowings		(250,348)	(311,506)	-	
Payments for borrowing costs		(1,511)	(140)	-	-
Principal repayments under finance leases		(103)	(83)	-	-
Dividends paid to shareholders		(151,777)	(152,223)	(151,777)	(152,223)
Net payments to minority interest		(36,405)	(37,195)	-	-
Net cash outflows from financing activities		(145,091)	(45,719)	(223,637)	(146,894)
Change in cash and cash equivalents		(31,369)	20,062	33	29
Cash and cash equivalents at beginning of the year		88,814	70,681	512	483
Effect of exchange rate changes		1,276	(1,929)	-	-
Cash and cash equivalents at end of the year	27	58,721	88,814	545	512
Non-cash from financing and investing activities	27				

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS), other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Going Concern
As at 31 December 2008, the Group's current liabilities exceeded its current assets by $30,760,000. Based on the Group's history of its ability to obtain financing, its ability to utilise available credit, its operating performance and its working capital forecast in the next twelve months, the Directors consider that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due and to carry on its business in the foreseeable future.

Compliance with IFRS
Compliance with A-IFRS ensures that the financial report complies with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment and other financial assets.

New standards/amendments
The accounting policies adopted are consistent with those detailed in the 2007 Annual Report with the exception of the early adoption of the following standards in the current period:

Revised AASB 3 *Business Combinations;*
Revised AASB 127 *Consolidated and Separate Financial Statements; and*
AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.*

The early adoption of these standards has resulted in the following changes to the Group's accounting policies in the current reporting period:

in a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured to its acquisition date fair value and any resulting gain or loss is recorded in the income statement;
following initial recognition, contingent payments are subsequently remeasured at fair value through the income statement;
where a minority interest is acquired in a controlled subsidiary, the cost to acquire such minority interest is taken as a reduction against reserves; and
all transaction costs are expensed.

As a consequence of early adoption of AASB 3 *Business Combinations* we have recognised a gain of $7.1m on acquisition of an associate. This amount has been included in exceptional gains – refer also note 3.

As at 31 December 2008, the following standards and interpretations had been issued which are not mandatory for 31 December 2008 reporting periods:

Pronouncements	Title	Operative date
AASB 8	*Operating Segments*	1 January 2009
Revised AASB 101	*Presentation of Financial Statements*	1 January 2009
Revised AASB 123	*Borrowing Costs*	1 January 2009
AASB 2008-1	*Amendments to Australian Accounting Standards – share-based payments: vesting conditions and cancellations*	1 January 2009
AASB 2008-5	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2009
AASB 2008-6	*Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2009
AASB 2008-7	*Amendments to Australian Accounting Standards – cost of an investment in a subsidiary, jointly controlled entity or associate*	1 January 2009
AASB 2008-8	*Amendments to Australian Accounting Standards – eligible hedged items*	1 July 2009
AASB 2008-13	*Amendments to Australian Accounting Standards arising from AASB Interpretation 17*	1 July 2009
AASB Interpretation 16	*Hedges of a net investment in a foreign operation*	1 October 2008
AASB Interpretation 17	*Distribution of non-cash assets to owners*	1 July 2009

At the date of this report, the consolidated entity is unable to reasonably estimate the impact of the adoption of these standards and interpretations.

(a) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of the Company and of all subsidiaries of APN News & Media Limited (Company or parent entity) as defined in AASB 127 *Consolidated and Separate Financial Statements*. APN News & Media Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for each business combination involving the Group (refer note 1(g).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The effects of all transactions with minority interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the minority interest in subsidiaries even if the accumulated losses should exceed the minority interest in the individual subsidiary's equity.

Minority interest in the earnings and equity of subsidiaries is shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates and joint ventures
Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

The proportionate interests in assets, liabilities and results of joint ventures have been incorporated in the financial statements under the appropriate headings.

The accounting policies of associates and joint ventures are consistent with the policies adopted by the Group in all material respects.

(b) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Business segments are the consolidated entity's primary reporting format.

(c) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is APN News & Media Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group entities
The result and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to equity. When a foreign operation is sold or a partial disposal occurs, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable and is net of credits, returns and taxes paid. Revenue for services is recorded when the services are provided.

Advertising revenue from Publishing is recognised when a newspaper or magazine is published, from Broadcasting when the advertisement is broadcast and from Outdoor over the period when displayed.

Circulation and printing revenue is recognised when control of the goods passes to the buyer.

Other income includes rental income, profit from the sale of property, plant and equipment and dividends received.

(e) INCOME TAX

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and also adjusted for tax losses utilised in the year.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those enacted tax rates applicable to each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Temporary differences in relation to indefinite life intangible assets are determined with reference to their respective capital gains tax bases in respect of assets for which capital gains tax will apply.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation – Australia
APN News & Media Limited and its wholly-owned Australian entities have formed a tax consolidated group. Each member of the tax consolidated group continues to account for their own current and deferred tax amounts as if they continued to be a stand-alone taxpayer in their own right.

In addition to its own current and deferred tax amounts, APN News & Media Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from available tax losses assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. The amounts receivable/payable under the tax funding arrangements are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

(f) LEASES

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Assets acquired under finance leases are included as property, plant and equipment in the balance sheet. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges. The interest element is charged to the income statement over the period of the lease.

Leased assets are amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets held at balance date are amortised over periods ranging from one to five years.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments, excluding contingent payments, are charged to expense on a straight line basis over the period of the lease.

(g) ACQUISITIONS OF ASSETS

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent consideration classified as a liability and subsequently remeasured at fair value through the income statement. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Acquisition related costs are expensed as incurred. At acquisition date, the identifiable assets acquired, liabilities assumed and any minority interest in the acquiree are recognised separately from goodwill (refer note 1(m) for goodwill policy). The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Minority interests in an acquiree are recognised either at fair value or at the minority interest's proportionate share of the aquiree's net assets. This decision is made on an acquisition by acquisition basis.

In a business combination acquired in stages, the previously held equity interest in the acquiree is remeasured to its acquisition date fair value and any resulting gain or loss is recorded in the income statement.

(h) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that they may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are reported within payables in current liabilities on the balance sheet.

(j) RECEIVABLES AND PAYABLES

Trade receivables are recognised initially at cost and subsequently measured at cost less provision for doubtful debts. Trade receivables are generally settled within 60 days.

Debts which are known to be uncollectible are written off. A provision for impairment of trade debtors is established where there is objective evidence that the Group will not be able to be collect all amounts due according to the original terms of the receivable. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Trade payables, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are unsecured and are generally settled within 30 days.

(k) INVENTORIES

Finished goods, raw materials and stores and work in progress are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the first in first out basis. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated cost of completion and the estimated cost necessary to make the sale.

(l) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative assets. They mainly include investments in equity securities where the Group does not have significant influence or control. They are included in non-current assets (and classified as other financial assets on the balance sheet) unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are initially recognised at fair value inclusive of transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When non-monetary securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments, previously recognised in equity, are included in the income statement as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices.

Investments in subsidiaries are carried at cost and include interest free loans which are at call but which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long-term capital.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(m) INTANGIBLE ASSETS

(i) Goodwill
Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified or separately recognised. Goodwill is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised but rather is subject to periodic impairment testing as described in note 1(h).

(ii) Mastheads
Mastheads, being the titles of the newspapers and magazines produced by the consolidated entity, are accounted for as identifiable assets and are brought to account at cost. The Directors believe the mastheads have indefinite lives and accordingly, no amortisation has been provided against the carrying amount.

A-IFRS state explicitly that an active market does not exist in respect of newspaper mastheads, brands and other assets as such assets are unique. The Board of Directors does not agree that an active market does not exist in respect of newspaper mastheads; however, it has complied with the requirements of the relevant standard to reverse all past revaluation of such assets.

(iii) Radio licences – Australia
Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The Directors believe the licences have indefinite lives and accordingly, no amortisation has been provided against the carrying amount. The commercial radio licences held by the consolidated entity are renewable every five years under the provisions of the *Broadcasting Services Act 1992* and the Directors have no reason to believe that the licences will not be renewed from time to time for the maximum period allowable under the Act and without imposition of any conditions.

(iv) Radio licences – New Zealand
Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The New Zealand radio licences expire on 31 March 2011. Ownership of these frequencies reverts to the New Zealand Government at this time. However, the New Zealand Government has agreed that incumbents will have first right of refusal in renewing the licences to 2031 based on an agreed maximum price. Therefore, after making allowance for the cost of renewal, such licences are being amortised on a straight line basis to 31 March 2031.

(v) Transit and outdoor advertising systems
Transit and outdoor advertising systems are accounted for as identifiable assets and are brought to account at cost. The Directors believe these assets have indefinite lives and accordingly, no amortisation has been provided against the carrying amount.

(vi) Brands
Brands are accounted for as identifiable assets and are brought to account at cost. The Directors have considered the geographic location, legislative environment and legal, technical and other commercial factors likely to impact on the useful lives of the brands and consider that they have indefinite lives. Accordingly, no amortisation has been provided against the carrying amount.

(vii) Indefinite life intangible assets
The Directors consider certain of the consolidated entity's identifiable intangible assets to have indefinite lives due to their established market positions in long-term growth segments, extended existence, regulated environment and demonstrated ability for continued existence notwithstanding the emergence over time of new media platforms.

(n) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair value is determined with reference to quoted market prices. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

(i) Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in the income statement.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the income statement.

(o) PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 50 years
- Plant and equipment 3-25 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 1(h)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(p) BORROWINGS

Loans and convertible notes are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of trade and other payables.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. These ancillary costs are netted off against the carrying value of borrowings in the balance sheet.

(q) EMPLOYEE BENEFITS

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, expected to be settled within 12 months from the reporting date are recognised in trade and other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with the above paragraph. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus plans
A liability for bonuses is recognised in trade and other payables when there is an expectation of settlement and at least one of the following conditions is met:

- there are contracted terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iv) Defined benefit superannuation plans
A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses), less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Actuarial gains and losses are recognised, under the corridor method as outlined in AASB 119 *Employee Benefits*, in the income statement in the periods in which they arise.

(v) Employee benefit on-costs
Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(vi) Share-based payments
Share-based compensation benefits are provided to employees via the Executive and Director Option Plan.

Share options granted after 7 November 2002 and vested after 1 January 2005
The fair value of options granted under the Executive and Director Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the options vest.

The fair value at grant date is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (eg profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(r) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) EARNING PER SHARE

(i) Basic earnings per share
Basic earnings per share is determined by dividing the net profit or loss attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) DIVIDENDS

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors at or before the end of the financial year but not distributed at balance date.

(u) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(v) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

(i) Impairment
The Group annually tests whether goodwill and other non-amortising intangible assets has suffered any impairment, in accordance with the accounting policy stated in Note 1 (h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 10 for details of these assumptions.

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
2. REVENUE AND EXPENSES				
2.1 REVENUE AND OTHER INCOME (including exceptional items)				
Advertising revenue	**1,192,354**	1,268,650	**-**	-
Revenue from sale of goods	**34,035**	45,923	**-**	-
Revenue before finance income	**1,226,389**	1,314,573	**-**	-
Dividends received				
Controlled entities	**-**	-	**207,515**	118,000
Other entities	**1,081**	1,277	**-**	-
Net gain on disposal of property, plant and equipment	**1,787**	1,398	**-**	-
Exceptional gains (refer note 3)	**10,772**	14,502	**-**	-
Rent received - other entities	**1,128**	1,019	**-**	-
Bad debts recovered	**144**	229	**-**	-
Group service fees - controlled entities	**-**	-	**-**	3,910
Gains on financial instruments	**13,215**	6,770	**-**	-
Other	**489**	471	**-**	-
Other income	**28,616**	25,666	**207,515**	121,910
Interest received – associates	**969**	1,028	**-**	-
Interest received – controlled entity	**-**	-	**18,125**	18,125
Interest received – other entities	**2,331**	4,954	**97**	480
Finance income	**3,300**	5,982	**18,222**	18,605
Revenue and other income	**1,258,305**	1,346,221	**225,737**	140,515

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
2.2 EXPENSES (including impairment and other exceptional items)				
Expenses before finance costs				
Publishing	**558,794**	573,598	**-**	-
Broadcasting	**166,743**	174,105	**-**	-
Outdoor	**232,665**	239,599	**-**	-
Corporate & other	**13,971**	21,646	**4,536**	3,705
Impairment and other exceptional costs (refer note 3)	**202,953**	23,031	**-**	-
Total expenses before finance costs	**1,175,126**	1,031,979	**4,536**	3,705
Depreciation				
Buildings	**1,531**	1,559	**-**	-
Plant and equipment	**34,359**	31,202	**-**	-
Total depreciation	**35,890**	32,761	**-**	-
Amortisation				
Borrowing costs	**1,687**	2,501	**-**	841
Plant and equipment under finance leases	**59**	40	**-**	-
Software	**2,654**	2,223	**-**	-
Radio licences	**1,937**	1,821	**-**	-
Other	**416**	499	**-**	-
Total amortisation	**6,753**	7,084	**-**	841
Finance costs				
Interest and finance charges	**78,424**	66,980	**9**	3,100
Borrowing costs amortisation	**1,687**	2,501	**-**	841
Amount capitalised	**(1,278)**	(140)	**-**	-
Total finance costs	**78,833**	69,341	**9**	3,941
Rental expense relating to operating leases				
Property	**20,218**	18,065	**-**	-
Outdoor site rentals				
Minimum lease payments	**115,380**	110,146	**-**	-
Contingent rentals	**14,773**	19,102	**-**	-
Total rental expense	**150,371**	147,313	**-**	-
Doubtful debts – trade debtors	**712**	680	**-**	-
Foreign exchange losses – controlled entities	**-**	-	**4,599**	1,908
Contributions to employee superannuation plans	**15,244**	13,437	**30**	30
Employee benefit expense	**358,088**	370,103	**-**	-

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
3. IMPAIRMENT AND OTHER EXCEPTIONAL ITEMS				
Corporate & other				
- gain on disposal of investments and properties	**3,623**	13,397	**-**	-
- profit on sale of business	**-**	1,105	**-**	-
- fair value adjustments on acquisition of associate	**7,149**	-	**-**	-
- restructuring and redundancies	**(19,625)**	(2,607)	**-**	-
- project planning and implementation	**(11,765)**	(11,246)	**-**	-
- scheme costs and other	**(744)**	(2,734)	**-**	-
- impairment - investments	**(7,797)**	-	**-**	-
Online				
- establishment and restructuring costs	**(6,428)**	(6,444)	**-**	-
- restructuring and redundancies	**(1,800)**	-	**-**	-
Publishing				
- onerous contract arising from impairment review	**(9,498)**	-	-	-
- impairment – intangible assets	**(127,095)**	-	-	-
- impairment – property, plant and equipment	**(18,201)**	-	-	-
Net impairment and other exceptional items (pre tax)	**(192,181)**	(8,529)	**-**	-
Minority interest	**326**	(1,727)	**-**	-
Income tax credit	**27,782**	8,285	**-**	-
Net impairment and other exceptional items (post tax)	**(164,073)**	(1,971)	**-**	-

The group has now substantially completed its three year restructuring programme which has included:

- significant upgrading of Australian printing operations
- centralisation of advertising services and customer service centres
- centralisation of administrative support
- modernisation of both equipment and work practices in NZ Heatset plants
- reorganisation of work practices across all divisions.

This programme has involved considerable investment over the past three years and has led to a reduction in headcount of 600 as well as other ongoing savings.

Restructuring and redundancy costs relate to the 600 headcount reduction noted above and include redundancy payments, payments in lieu of notice together with salary costs of redundant roles from the date that the redundancy programme is initiated.

Project planning and implementation comprises other costs related to our restructuring programme including costs of duplicated roles during process transition, write down of replaced equipment and project management.

Online establishment and restructuring costs includes costs of developing new product offerings as well as the cost of now discontinued strategies.

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
4. REMUNERATION OF AUDITORS				
(i) Remuneration for audit or review of the financial reports				
PricewaterhouseCoopers – Australian firm	**715**	976	**33**	34
PricewaterhouseCoopers – overseas firm	**695**	525	**-**	-
Other firms	**273**	344	**-**	-
(ii) Remuneration for other assurance services				
PricewaterhouseCoopers – Australian firm	**30**	69	**8**	8
PricewaterhouseCoopers – overseas firm	**19**	21	**-**	-
Other firms	**1**	2	**-**	-
Total audit and other assurance services	**1,733**	1,937	**41**	42
(iii) Remuneration for other services				
PricewaterhouseCoopers – Australian firm				
Tax services				
• Consolidation	**-**	26	-	-
• Transactional advice	**98**	180	-	-
• Compliance	**146**	183	-	-
Other advisory services	**114**	77	-	-
PricewaterhouseCoopers – overseas firm				
Tax services				
• Transactional advice	**91**	162	-	-
• Compliance	**223**	231	-	-
Other advisory services	**58**	27	-	-
Other firms				
Tax services				
• Consolidation	**-**	71	-	-
• Transactional advice	**158**	111	-	-
• Compliance	**100**	12	-	-
Other advisory services	**4**	30	-	-
Total non-audit services	**992**	1,110	-	-

5. INCOME TAX

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Income tax expense differs from the amount prima facie payable as follows:				
Profit before income tax expense	**10,830**	251,730	**221,192**	132,869
Prima facie income tax at 30%	**3,249**	75,519	**66,358**	39,861
Tax effect of differences:				
Rebateable dividends	-	-	**(62,255)**	(35,400)
Option expense	**(473)**	179	**(473)**	179
Differences in international tax treatments and rates	**(24,731)**	(22,298)	-	-
Change in NZ tax rate	-	(1,632)	-	-
Impairment	**32,943**	-	-	-
Other	**(3,301)**	(3,689)	**(29)**	(145)
Prima facie tax adjusted for differences	**7,687**	48,079	**3,601**	4,495
Overprovision in prior years	**(2,679)**	(2,356)	-	(29)
Income tax expense	**5,008**	45,723	**3,601**	4,466
Reported income tax expense comprises:				
Current tax expense	**27,197**	50,997	**3,202**	3,901
Deferred tax expense	**(19,510)**	(2,918)	**399**	594
Overprovision in prior years	**(2,679)**	(2,356)	-	(29)
Income tax expense	**5,008**	45,723	**3,601**	4,466

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
6. RECEIVABLES				
Current				
Trade debtors	**183,148**	217,018	**-**	-
Provision for doubtful debts	**(5,385)**	(4,673)	**-**	-
	177,763	212,345	**-**	-
Other loans	**216**	291	**-**	-
Loans to associates	**6,935**	12,181	**-**	-
Other debtors	**11,066**	21,563	**81**	36
Total current receivables	**195,980**	246,380	**81**	36
Non-current				
Loans to controlled entities – at call	**-**	-	**877,060**	378,329
Loans to related parties	**4,895**	9,289	**-**	-
Total non-current receivables	**4,895**	9,289	**877,060**	378,329

Trade debtors are generally settled within 60 days. The Directors consider the carrying amount of trade debtors approximates their net fair values. Loans to associates and controlled entities are unsecured, interest bearing and repayable at call.

(a) Impaired trade receivables

As at 31 December 2008, current trade receivables of the Group with a nominal value of $6,773,000 (2007: $6,344,000) were impaired. For the purposes of this AASB 7 *Financial Instruments: Disclosures*, impaired receivables are regarded as those that are more than 90 days past due together with any other balances where the credit department considers collection to be in doubt. The amount of the provision was $5,385,000 (2007: $4,673,000). It was assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the parent entity in 2008 or 2007.

The ageing of these receivables is as follows:

One to three months	**2,167**	1,480
Three to six months	**3,079**	3,564
Over six months	**1,527**	1,300
Impaired receivables	**6,773**	6,344

Movements in the provision for doubtful debts are as follows:

Balance at beginning of the year	**4,673**	3,993
Provision for doubtful debts expensed	**5,120**	3,283
Receivables written off	**(4,408)**	(2,603)
Provision for doubtful debts	**5,385**	4,673

(b) Past due but not impaired – trade receivables

As of 31 December 2008, trade receivables of $41,790,000 (2007: $58,682,000) were past due but not impaired. These debtors are 90 days or less past due.

Amounts charged to the provision account are generally written off when there is no expectation of recovery.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on previous collection history, over 99.2% of these debtors would be expected to be collected.

(c) Foreign exchange and interest rate risk

The carrying amounts of the Group's and parent entity's current and non-current receivables are denominated in the following currencies:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Australian dollars	**115,197**	147,351	**877,141**	378,365
New Zealand dollars	**72,287**	95,136	**-**	-
Hong Kong dollars	**7,022**	7,083	**-**	-
Malaysian ringgit	**2,603**	1,861	**-**	-
Indonesian rupiah	**3,766**	4,238	**-**	-
	200,875	255,669	**877,141**	378,365

(d) Fair value and credit risk

The fair value of current receivables is assumed to be their current value due to their short-term nature.

The fair value and carrying values of non-current receivables of the Group are as follows:

Loans to controlled entities – at call	**-**	-	**877,060**	378,329
Loans to related parties	**4,895**	9,289	**-**	-

The loans to related parties have no fixed term.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. The Group does not hold any collateral as security. Refer note 29 for further information on the risk management policy of the Group.

7. INVENTORIES

Raw materials and stores - at cost	**20,067**	21,942	-	-
Finished goods - at net realisable value	**409**	46	-	-
Total inventories	**20,476**	21,988	-	-

8. OTHER FINANCIAL ASSETS

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Listed securities - at market value	**5,318**	14,336	**-**	-
Other securities - at cost				
Shares in controlled entities (refer note 22)	**-**	-	**10,000**	10,000
Amounts due from controlled entities - at call	**-**	-	**199,625**	534,224
Shares in other corporations:				
Cost	**25,107**	22,998	**-**	-
Impairment	**(7,797)***	-	**-**	-
	17,310	22,998	**-**	-
Total other financial assets	**22,628**	37,334	**209,625**	544,224

* Shares in other corporations have been written down during the year to estimated recoverable amount. Recoverable amount has been assessed based on trading performance and capital structure of the individual investments.

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Freehold land				
At fair value(1)	**14,420**	16,084	**-**	-
Buildings				
At fair value(1)	**47,425**	51,523	**-**	-
Accumulated depreciation	**(14,235)**	(13,781)	**-**	-
	33,190	37,742	**-**	-
Plant and equipment				
At cost	**601,102**	558,612	**-**	-
Accumulated depreciation	**(352,122)**	(336,349)	**-**	-
Impairment(2)	**(18,201)**	-	**-**	-
Capital works in progress	**12,280**	22,669	**-**	-
	243,059	244,932	**-**	-
Plant and equipment				
Under finance lease	**555**	314	**-**	-
Accumulated amortisation	**(315)**	(209)	**-**	-
	240	105	**-**	-
Total property, plant and equipment	**290,909**	298,863	**-**	-

(1) The Directors consider that freehold land and buildings are carried at fair value. Independent valuations were carried out in 2003 - where materially different, carrying values were adjusted to reflect such valuations. Independent valuations in 2003 were carried out by certified registered valuers.

(2) Plant and equipment related to the NZ Commercial Printing operations are impaired and have been written down to estimated recoverable amount based on value in use. The impairment in value arises from a combination of contracting demand and increased local production capacity which has generated pressure on both volumes and margins.

	Consolidated 2008 $'000	2007 $'000
Freehold land		
Carrying amount at beginning of the year	**16,084**	22,277
Disposals	**(1,252)**	(5,751)
Other adjustments	**(76)**	(223)
Foreign exchange differences	**(336)**	(219)
Carrying amount at end of the year	**14,420**	16,084
Buildings		
Carrying amount at beginning of the year	**37,742**	47,228
Additions	**992**	2,163
Disposals	**(3,357)**	(9,668)
Depreciation	**(1,531)**	(1,559)
Other adjustments	**332**	100
Foreign exchange differences	**(988)**	(522)
Carrying amount at end of the year	**33,190**	37,742
Plant and equipment		
Carrying amount at beginning of the year	**244,932**	222,999
Additions	**61,570**	63,350
Acquisition of controlled entities	**503**	-
Disposals	**(6,731)**	(1,471)
Depreciation	**(34,359)**	(31,202)
Impairment	**(18,201)**	-
Other adjustments	**(72)**	(5,467)
Foreign exchange differences	**(4,583)**	(3,277)
Carrying amount at end of the year	**243,059**	244,932
Plant and equipment under finance lease		
Carrying amount at beginning of the year	**105**	101
Additions	**194**	83
Disposals	**(38)**	(27)
Amortisation	**(59)**	(40)
Other adjustments	**-**	(3)
Foreign exchange differences	**38**	(9)
Carrying amount at end of the year	**240**	105
Total property, plant and equipment		
Carrying amount at beginning of the year	**298,863**	292,605
Additions	**62,756**	65,596
Acquisition of controlled entities	**503**	-
Disposals	**(11,378)**	(16,917)
Depreciation and amortisation	**(35,949)**	(32,801)
Impairment	**(18,201)**	-
Other adjustments	**184**	(5,593)
Foreign exchange differences	**(5,869)**	(4,027)
Carrying amount at end of the year	**290,909**	298,863

10. INTANGIBLE ASSETS

	Consolidated 2008 $'000	2007 $'000
Goodwill		
At cost	**317,625**	298,188
Impairment	**(102,013)**	-
	215,612	298,188
Software		
At cost	**22,612**	18,523
Accumulated amortisation	**(15,129)**	(12,672)
	7,483	5,851
Mastheads		
At cost	**1,054,189**	1,097,577
Impairment	**(25,082)**	-
	1,029,107	1,097,577
Radio licences		
At cost	**321,078**	318,990
Accumulated amortisation	**(12,319)**	(10,878)
	308,759	308,112
Transit and outdoor advertising systems – at cost	**54,713**	54,713
Brands – at cost	**43,613**	46,946
Lease intangibles		
At cost	**4,363**	3,470
Accumulated amortisation	**(2,047)**	(1,488)
	2,316	1,982
Total intangible assets	**1,661,603**	1,813,369

Impairment of cash generating units (CGUs) including goodwill and indefinite life intangible assets

The recoverable amount of each CGU which includes goodwill or indefinite life intangible assets has been reviewed. Where goodwill or other indefinite life intangible assets represent a significant component of the Group total, value in use calculations have been performed.

Where value in use calculations have been used, these calculations have been based on management budgets and forecasts for a five year period, extrapolated at estimated growth rates between 2% and 3% per annum being rates reflecting the long-term average growth rates for the respective CGU. A discount rate of 9.5% post tax (which equates to pre-tax rates of 11% to 13%) has been used.

As a result of the foregoing review, the carrying amount of goodwill and mastheads allocated to the New Zealand National Publishing CGU has been reduced to its recoverable amount through the recognition of an impairment loss. This impairment provision is a result of deterioration in advertising and capital market conditions resulting from a combination of weaker New Zealand macro economic environment and the impact of the global financial crisis. Directors note that the extent and duration of the current weakness is difficult to predict but remain confident in the long term prosperity of the Group's New Zealand National Publishing assets and the markets in which they operate.

Directors consider that, notwithstanding the impairment provision recognised in respect of the New Zealand National Publishing CGU, the fair value of the Group's intangible assets in aggregate is in excess of carrying value.

Goodwill	2008	2007
Carrying amount at beginning of the year	**298,188**	212,646
Additions	**22,186**	87,066
Impairment	**(102,013)**	-
Foreign exchange differences	**(2,749)**	(1,524)
Carrying amount at end of the year	**215,612**	298,188

	Consolidated 2008 $'000	2007 $'000
Software		
Carrying amount at beginning of the year	**5,851**	5,643
Acquisition of controlled entities	**759**	-
Additions	**4,514**	2,336
Disposals	**(512)**	(28)
Foreign exchange differences	**(475)**	(97)
Amortisation	**(2,654)**	(2,223)
Other adjustments	**-**	220
Carrying amount at end of the year	**7,483**	5,851
Mastheads		
Carrying amount at beginning of the year	**1,097,577**	1,107,385
Acquisition of controlled entities	**985**	-
Additions	**-**	8,497
Impairment	**(25,082)**	-
Foreign exchange differences	**(44,373)**	(18,305)
Carrying amount at end of the year	**1,029,107**	1,097,577
Radio licences		
Carrying amount at beginning of the year	**308,112**	309,598
Additions	**2,983**	523
Foreign exchange differences	**(399)**	(188)
Amortisation	**(1,937)**	(1,821)
Carrying amount at end of the year	**308,759**	308,112
Brands		
Carrying amount at beginning of the year	**46,946**	48,739
Foreign exchange differences	**(3,333)**	(1,383)
Other adjustments	**-**	(410)
Carrying amount at end of the year	**43,613**	46,946
Lease intangibles		
Carrying amount at beginning of the year	**1,982**	1,890
Additions	**770**	69
Foreign exchange differences	**(20)**	(18)
Amortisation	**(416)**	(486)
Other adjustments	**-**	527
Carrying amount at end of the year	**2,316**	1,982

Allocation of goodwill and non-amortising intangible assets to CGUs

Name of CGU		
New Zealand National Publishing	**786,649**	932,800
Australian Regionals Publishing	**209,674**	209,300
New Zealand Regionals Publishing	**135,983**	142,600
Australian Broadcasting	**299,200**	299,200
New Zealand Broadcasting	**83,614**	89,209
Outdoor - Australia	**105,300**	21,774
Other	**21,774**	18,700
Total goodwill and non-amortising intangible assets	**1,642,194**	1,796,309

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
11. OTHER ASSETS AND DEFERRED TAX				
Current				
Tax assets	**906**	5,628	**-**	5,628
Prepayments	**31,964**	29,998	**26**	29
Other current assets	**31,964**	29,998	**26**	29
Non-current				
Deferred tax assets	**-**	-	**14,068**	14,467

(a) Movements in deferred tax - consolidated	Balance 1 Jan 08 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Balance 31 Dec 08 $'000
Tax losses	16,526	8,742	-	-	**25,268**
Employee benefits	8,655	(581)	-	-	**8,074**
Doubtful debts	1,295	339	-	-	**1,634**
Accruals/restructuring	6,717	(1,165)	-	-	**5,552**
Intangible assets	(164,759)	6,004	12,555	-	**(146,200)**
Depreciation	(26,535)	3,480	-	-	**(23,055)**
Other	2,100	2,691	2,350	-	**7,141**
	(156,001)	19,510	14,905	-	**(121,586)**

	Balance 1 Jan 07 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Balance 31 Dec 07 $'000
Tax losses	14,220	2,313	(7)	-	16,526
Employee benefits	9,715	(989)	(71)	-	8,655
Doubtful debts	1,258	52	(15)	-	1,295
Accruals/restructuring	6,685	47	(15)	-	6,717
Intangible assets	(168,768)	(1,570)	5,579	-	(164,759)
Depreciation	(28,855)	2,006	314	-	(26,535)
Other	(1,164)	1,059	2,205	-	2,100
	(166,909)	2,918	7,990	-	(156,001)

There are no material unbooked tax losses as at 31 December 2008

(b) Movements in deferred tax – parent entity	Balance 1 Jan 08 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Balance 31 Dec 08 $'000
Tax losses	12,923	(1,772)	-	-	**11,151**
Accruals/restructuring	1,544	(1,544)	-	-	**-**
Other	-	2,917	-	-	**2,917**
	14,467	(399)	-	-	**14,068**

	Balance 1 Jan 07 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Balance 31 Dec 07 $'000
Tax losses	14,220	-	-	(1,297)	12,923
Accruals/restructuring	2,094	(550)	-	-	1,544
Other	44	(44)	-	-	-
	16,358	(594)	-	(1,297)	14,467

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
12. PAYABLES				
Current				
Trade and other payables	**138,008**	161,810	**9**	340
Amounts due to related entities	**1,802**	5,909	**-**	-
Other loans	**5,879**	6,146	**-**	-
Loans from Directors and Director-related entities (refer note 25)	**4,609**	4,431	**-**	-
Total current payables	**150,298**	178,296	**9**	340
Derivative financial instruments	**5,770**	2,093	**-**	-
Non-current				
Trade and other payables	**4,528**	5,162	**91,847**	-

Trade and other payables are generally settled within 30 days from end of the month in which they are incurred.

Loans from Directors of Kurnia Outdoor Sdn Bhd, P Sapwell, S Koh, A Yew and G Khan, of $2,210,059 (2007: $1,989,500) are unsecured, interest bearing and repayable at call.

Loans from a Director of PT Rainbow Asia Posters, F Moniaga, of $2,398,470 (2007: $2,441,119) are unsecured, interest bearing and repayable at call.

Foreign currency risk

The carrying amounts of payables are denominated in the following currencies:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Australian dollars	**64,986**	79,292	**91,856**	340
New Zealand dollars	**70,071**	81,465	**-**	-
Hong Kong dollars	**7,469**	7,483	**-**	-
Malaysian ringgit	**10,943**	10,805	**-**	-
Indonesian rupiah	**6,977**	6,256	**-**	-
Singapore dollars	**150**	250	**-**	-
	160,596	185,551	**91,856**	340

For an analysis of the sensitivity of payables to foreign currency risk, refer note 29.

13. INTEREST BEARING LIABILITIES

	Consolidated 2008	Consolidated 2007	Parent entity 2008	Parent entity 2007
Current – unsecured				
Bank loans	**155,603**	94,717	-	-
Current - secured				
Lease liabilities (refer note 21)	**17**	51	-	-
Total current interest bearing liabilities	**155,620**	94,768	-	-
Non-current				
Bank loans – unsecured	**812,157**	845,833	-	-
Lease liabilities – secured (refer note 21)	**12**	4	-	-
	812,169	845,837	-	-
Deduct				
Borrowing costs	**15,882**	18,121	-	3,188
Accumulated amortisation	**(11,280)**	(13,189)	-	(3,188)
Net borrowing costs	**4,602**	4,932	-	-
Total non-current interest bearing liabilities	**807,567**	840,905	-	-

Lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default.

Fair value and risk management

The fair value of interest bearing liabilities equals their carrying value.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 18.

(a) Risk exposures

The exposure of borrowings to interest rate changes and the contractual repricing at the balance dates are as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Six months or less	**751,283**	761,288	-	-
Six to twelve months	**115,262**	47,590	-	-
One to five years	**96,642**	78,389	-	-
Over five years	-	48,406	-	-
Interest bearing liabilities	**963,187**	935,673	-	-
Current borrowings	**155,620**	94,768	-	-
Non-current borrowings	**807,567**	840,905	-	-
Interest bearing liabilities	**963,187**	935,673	-	-

The carrying amounts of borrowings are denominated in the following currencies:

Australian dollars	**628,315**	552,051	-	-
New Zealand dollars	**334,872**	383,622	-	-
Interest bearing liabilities	**963,187**	935,673	-	-

For an analysis of the sensitivity of borrowings to interest rate risk and foreign exchange risk, refer note 29.

(b) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

14. PROVISIONS

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Current tax provisions	**6,480**	18,941	**596**	-
Employee benefits	**6,697**	6,791	**-**	-
Restructuring provision[1]	**13,942**	739	**-**	-
Total current provisions	**20,639**	7,530	**-**	-

	2008	2007
Movements in restructuring provision		
Carrying amount at beginning of the year	**739**	6,662
Payments	**(787)**	(5,950)
Foreign exchange differences	**48**	27
Amounts provided	**13,942**	-
Carrying amount at end of the year	**13,942**	739

[1] The restructuring provision includes:
- onerous contracts entered into by the Wilson & Horton Group prior to acquisition by APN
- onerous rental contracts related to potential closure of certain NZ Commercial Printing operations
- expected redundancy costs related to formally announced restructuring plans

	Consolidated 2008	Consolidated 2007	Parent entity 2008	Parent entity 2007
Non-current				
Employee benefits	**1,586**	1,352	-	-
Total non-current provisions	**1,586**	1,352	-	-
Aggregate employee benefit liabilities				
Current provision	**6,697**	6,791	-	-
Non-current provision	**1,586**	1,352	-	-
Included in trade and other payables	**19,641**	21,243	-	-
Total employee benefit liabilities	**27,924**	29,386	-	-

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
15. CONTRIBUTED EQUITY	**$'000**	$'000	**$'000**	$'000
Issued and paid up share capital	**920,802**	916,572	**920,802**	916,572

(a) Movements in contributed equity during the financial year

Date	Details	Number of shares	Issue price	$'000
1 January 2008	Opening balance	489,124,380		916,572
Various	EDOP issues	527,001	(1)	1,832
Various	Dividend Reinvestment Plan	762,017	$3.15	2,398
31 December 2008	**Closing balance**	490,413,398		920,802

(1) Issued during the year between $3.34 and $3.85 per share

(b) Executive and Director Option Plan (EDOP)

An option plan is operated by the Company to allow selected employees and Directors to participate in the growth of the Company through the issue of options over ordinary shares in the Company. Eligibility for participation is at the discretion of the Board.

The options are granted for no consideration and carry no dividend or voting rights. The options are generally exercisable between three and five years from the date of grant at the exercise price, subject to the satisfaction of performance hurdles. The options expire five years from the date of grant.

Each option issued is convertible into one ordinary share.

The exercise price of the options is the weighted average market price of the Company's shares sold on the ASX during the week immediately prior to and including the grant date. The exercise price is payable at the time of exercise of the options.

The options must not be transferred, encumbered or otherwise disposed of without the prior consent of the Board.

Options normally lapse if the optionholder ceases to be an employee of the Company or any of its subsidiaries and in the case of a Director, ceases to hold office, otherwise than by death, permanent incapacity, redundancy or retirement. In these events, options are normally exercisable within 12 months of the occurrence of the event.

The maximum number of ordinary shares in respect of which options may be granted under the EDOP may not exceed 10% of the total issued share capital of the Company from time to time without shareholder approval.

In addition to their standard terms, all of the current options of the Company have performance criteria that must be satisfied before an option or tranche of options may be exercised. The performance hurdles for an option or tranche of options involve a comparison of the Company's earnings per share performance over a period of time with a specified rate of growth.

(c) Dividend Reinvestment Plan (DRP)

The Company's DRP, which was suspended in May 2005, was reinstated for the interim dividend for the year ended 31 December 2008 and for all subsequent dividends until further notice. Under the DRP the holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares may be issued under the DRP at a discount to market price. The Directors have set the current rate of discount applicable to the DRP at 2.5%.

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, representative or attorney is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Options issued under EDOP

Grant date	Exercise price $	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
24 May 2003	3.34	387,001	-	(387,001)	-	**-**
29 April 2004	3.85	3,045,000	-	(140,000)	(20,000)	**2,885,000**
30 September 2004	4.53	100,000	-	-	-	**100,000**
2 May 2006	5.02	7,880,000	-	-	(840,000)	**7,040,000**
2 June 2008	3.96	-	7,930,000	-	(345,000)	**7,585,000**
		11,412,001	7,930,000	(527,001)	(1,205,000)	**17,610,000**

In respect of the options issued during 2006, the minimum performance hurdles have not been satisfied as at 31 December 2008 and they are not likely to be achieved during the remaining life of the options. In respect of options issued during 2008, the performance hurdles cannot first be tested until the audited accounts for the 2010 financial year have been finalised.

	Consolidated		Parent entity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
16. RESERVES AND RETAINED PROFITS				
(a) Reserves				
Asset revaluation reserve	**4,845**	4,845	**-**	-
Investment revaluation reserve	**(3,358)**	1,760	**-**	-
Foreign currency translation reserve	**(31,259)**	1,724	**-**	-
Capital profits reserve	**120**	120	**-**	-
Share-based payments reserve	**5,181**	6,759	**5,181**	6,759
Hedging reserve	**(3,797)**	(1,741)	**-**	-
Total reserves	**(28,268)**	13,467	**5,181**	6,759
Investment revaluation reserve				
Balance at beginning of the year	**1,760**	1,630	**-**	-
Revaluation of listed securities	**(5,118)**	130	**-**	-
Balance at end of the year	**(3,358)**	1,760	**-**	-
Foreign currency translation reserve				
Balance at beginning of the year	**1,724**	16,146	**-**	-
Net exchange difference on translation of foreign controlled entities	**(32,983)**	(14,422)	**-**	-
Balance at end of the year	**(31,259)**	1,724	**-**	-
Share-based payments reserve				
Balance at beginning of the year	**6,759**	6,174	**6,759**	6,174
Option expense	**(1,578)**	585	**(1,578)**	585
Balance at end of the year	**5,181**	6,759	**5,181**	6,759
Hedging reserve				
Balance at beginning of the year	**(1,741)**	(3,418)	**-**	-
Unrealised (loss)/gain on hedge contracts	**(2,056)**	1,677	-	-
Balance at end of the year	**(3,797)**	(1,741)	**-**	-

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(b) (Accumulated losses)/retained profits				
Balance at beginning of the year	**101,772**	86,559	**19,554**	43,374
Net (loss)/profit attributable to members of the parent entity	**(23,972)**	167,436	**217,591**	128,403
Dividends paid	**(154,175)**	(152,223)	**(154,175)**	(152,223)
Balance at end of the year	**(76,375)**	101,772	**82,970**	19,554

(c) Nature and purpose of reserves

(i) Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policies. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Foreign currency translation reserve
Exchange differences arising on translation of any foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policies.

(iii) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued.

(iv) Hedging reserve
The hedging reserve is used to record unrealised gains/losses on cash flow hedging instruments.

(d) Minority interest in controlled entities

Share capital	**208,909**	208,909	-	-
Reserves	**6,140**	9,804	-	-
Accumulated losses	**(1,276)**	(24,487)	-	-
Other	**19,460**	49,733	-	-
Minority interest in controlled entities	**233,233**	243,959	-	-

17. DIVIDENDS

Unfranked final dividend for the year ended 31 December 2007 of 21.0 cents per share, paid on 24 April 2008 (2006: 20.0 cents per share unfranked paid on 18 June 2007)	**102,761**	99,777	**102,761**	99,777
Unfranked interim dividend for the year ended 31 December 2008 of 10.5 cents per share, paid on 2 October 2008 (2007: 10.5 cents per share unfranked paid on 27 September 2007)	**51,414**	52,446	**51,414**	52,446
Total dividends	**154,175**	152,223	**154,175**	152,223

Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and tax refunds due	**2,671**	2,170	**2,220**	1,327

18. CONTINGENT LIABILITIES

(a) Guarantees

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2008 the facilities had been drawn to the extent of $969,320,466 (2007: $863,991,763).

The parent entity and some wholly-owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of $45,000,000 (2007: $60,000,000).

(b) Claims

Claims for damages are made against the consolidated entity from time to time in the ordinary course of business. The Directors are not aware of any claim that is expected to result in material costs or damages.

19. SUPERANNUATION

(a) Superannuation plans

The Company operates superannuation plans under which eligible employees and their dependants are entitled to benefits on retirement, disability or death. Employees contribute to the plans at various percentages of their wages and salaries. The respective employer entities within the consolidated entity also contribute to the plans at rates recommended by actuaries, industrial awards or the *Superannuation Guarantee Charge* legislation. The continuation of contributions, except those made pursuant to an award set down under a national wage case or the *Superannuation Guarantee Charge* legislation, are not legally enforceable.

Accounting policy

A portion of actuarial gains and losses is recognised in profit and loss using the corridor approach. The portion recognised is the excess of the unrecognised gain/loss at the start of the year over the greater of 10% of the value of assets and 10% of the defined benefit obligation at the start of the year, divided by the expected future service of members.

Scheme information

The defined benefit section of the scheme is closed to new members. All new members receive accumulation only benefits.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Australian shares	**4,525**	7,125	**-**	-
International shares	**4,085**	5,567	**-**	-
Other	**7,104**	9,575	**-**	-
Fair value of defined benefit scheme assets	**15,714**	22,267	**-**	-
Present value of the defined benefit obligation[1]	**(18,582)**	(22,400)	**-**	-
Shortfall of assets	**(2,868)**	(133)	**-**	-
Unrecognised net gain	**3,862**	1,311	**-**	-
Net asset	**994**	1,178	**-**	-

[1] includes contributions tax provision

The Company has recognised an asset in the balance sheet in respect of its defined benefit superannuation arrangements. The APN Superannuation Scheme does not impose a legal liability on the Group to cover any deficit that exists in the scheme. If the scheme were wound up, there would be no legal obligation on the Company to make good any shortfall. The trust deed of the scheme states that if the scheme winds up, the remaining assets are to be distributed by the trustee of the scheme in an equitable manner as it sees fit.

The Company may at any time, by notice to the trustee, terminate its contributions. The Company has a liability to pay the monthly contributions due prior to the effective date of the notice, but there is no requirement for the Company to pay any further contributions, irrespective of the financial condition of the scheme.

Key assumptions used in the latest actuarial valuation are discount rate 3.4% (2007: 5%), salary inflation 4% and expected return on plan assets 6.0% (2007: 6.8%). As at 31 December 2008, the plan assets have been invested in the following asset classes: Australian equities 29% (2007: 32%), international equities 26% (2007: 25%), property 6% (2007: 5%), cash and fixed interest 16% (2007: 22%) and other 23% (2007: 16%).

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Company service cost	**(543)**	(695)	-	-
Interest cost on defined benefit obligation	**(1,106)**	(1,181)	-	-
Actuarial loss recognised	**(698)**	-	-	-
Expected return on assets	**1,526**	1,639	-	-
Expense recognised in income statement	**(821)**	(237)	-	-
Actual return on plan assets	**(3,324)**	1,157	-	-

20. CAPITAL COMMITMENTS

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Capital expenditure contracted for at balance date but not recognised as liabilities:				
Not later than one year	**4,741**	11,462	-	-
Later than one year but not later than five years	**35,209***	1,540	-	-
Total capital commitments	**39,950**	13,002	**-**	-

* TRN has a capital commitment of $34.1m relating to the cost of radio spectrum licences. No amount is payable until 2010.

21. LEASE COMMITMENTS

Commitments for minimum lease payments in relation to operating leases and rental commitments contracted for at the reporting date but not recognised as liabilities, payable:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Not later than one year	**114,728**	109,918	-	-
Later than one year but not later than five years	**229,547**	262,390	-	-
Later than five years	**72,553**	91,266	-	-
Commitments not recognised in the financial statements	**416,828**	463,574	-	-
Representing:				
Cancellable operating leases and rental commitments	**28.177**	30,331	-	-
Non-cancellable operating leases and rental commitments	**388.624**	433,198	-	-
Future finance lease charges	**27**	45	-	-
Commitments not recognised in the financial statements	**416,828**	463,574	-	-
Commitments for finance leases are payable as follows:				
Not later than one year	**17**	64	-	-
Later than one year but not later than five years	**12**	36	-	-
	29	100	-	-
Future finance charges on finance leases	**-**	(45)	-	-
Total lease liabilities	**29**	55	-	-
Representing lease liabilities (refer note 13):				
Current	**17**	51	-	-
Non-current	**12**	4	-	-
Total lease liabilities	**29**	55	-	-

The weighted average interest rate implicit in the leases is 8.2% per annum (2007: 8.2% per annum).

The rental commitments represent fixed portions of long-term rental contracts. The Directors believe that the associated future revenue streams will be sufficient to cover these commitments.

22. INVESTMENTS IN CONTROLLED ENTITIES

	Country of incorporation or formation	Equity holding 2008 %	2007 %
Actraint No. 116 Pty Limited [1, 4]	Australia	**50**	50
Adhoc Pty Ltd	Australia	**75**	75
Adspace Pty Ltd	Australia	**100**	100
Airplay Media Services Pty Limited [1, 4]	Australia	**50**	50
APN AP National Sales Pty Ltd [2]	Australia	**100**	100
APN Braeside Pty Ltd [1]	Australia	**100**	100
APN Broadcasting Investments Pty Limited [2, 3]	Australia	**100**	100
APN Broadcasting (Regionals) Pty [1, 4]	Australia	**50**	50
APN Business Magazines Pty Ltd [2]	Australia	**100**	100
APN Business Information Group Pty Ltd [2]	Australia	**100**	100
APN Computing Group Pty Ltd [2]	Australia	**100**	100
APN Digital Pty Ltd [2]	Australia	**100**	100
APN Digital NZ Limited	New Zealand	**100**	100
APN Educational Media Pty Limited [2]	Australia	**100**	100
APN Educational Media (NZ) Limited	New Zealand	**100**	100
APN Finance Pty Limited [2, 3]	Australia	**100**	100
APN Holdings NZ Limited	New Zealand	**100**	100
APN Lasting Impressions Pty Limited	Australia	**55**	55
APN Media (Asia) Pte Ltd	Singapore	**100**	100
APN Milperra Pty Ltd [1]	Australia	**100**	100
APN New Zealand Limited	New Zealand	**100**	100
APN Newspapers Pty Ltd [2, 3]	Australia	**100**	100
APN NZ Investments Limited	New Zealand	**100**	100
APN Occupational Superannuation Pty Ltd	Australia	**100**	100
APN Online (Australia) Pty Limited	Australia	**100**	100
APN Online (New Zealand) Limited	New Zealand	**100**	100
APN Outdoor Limited	New Zealand	**100**	100
APN Outdoor Pty Limited [2, 3]	Australia	**100**	100
APN Outdoor (Trading) Pty Ltd [2, 3]	Australia	**100**	100
APN Print NZ Limited	New Zealand	**100**	100
APN Printing Services Pty Ltd [2, 3]	Australia	**100**	100
APN Specialist Publications NZ Limited	New Zealand	**100**	100
APN Superannuation Pty Ltd	Australia	**100**	100
ARN Adelaide Pty Ltd [1, 4]	Australia	**50**	50
ARN Brisbane Pty Ltd [1, 4]	Australia	**50**	50
ARN Broadcasting Pty Ltd [1, 4]	Australia	**50**	50
ARN Communications Pty Ltd [1, 4]	Australia	**50**	50
ARN Holdings (NZ) Limited [1, 4]	New Zealand	**-**	50
ARN (NZ) [1, 4]	New Zealand	**-**	50
ARN NZ Investments Limited [1, 4]	New Zealand	**50**	50
ARN New Zealand Pty Limited [1, 4]	Australia	**50**	50
ARN Overseas Pty Limited [1, 4]	Australia	**50**	50
ARN Perth Pty Ltd [1, 4]	Australia	**50**	50
ARNSAT Pty Limited [1, 4]	Australia	**50**	50
ARN South Australia Pty Ltd [1, 4]	Australia	**50**	50
ARN Superannuation Pty Ltd [1, 4]	Australia	**50**	50
Asia Posters Pte Ltd	Singapore	**100**	100
Asia Posters Sdn Bhd	Malaysia	**100**	100
The Australasian Advertising Company Pty Limited [2]	Australia	**100**	100
Australian Posters Pty Ltd [2]	Australia	**100**	100
Australian Provincial Newspapers International Pty Limited [2, 3]	Australia	**100**	100
Australian Provincial Newspapers Ltd [2, 3]	Australia	**100**	100
Australian Radio Network Pty Limited [1, 4]	Australia	**50**	50
Australian Radio Network Sales Pty Ltd [1, 4]	Australia	**50**	50
Biffin Pty Limited [2, 3]	Australia	**100**	100
Blue Mountains Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Border Newspapers Pty Ltd [2]	Australia	**100**	100
Brisbane FM Radio Pty Ltd [1, 5]	Australia	**25**	25
Broad Developments Limited [1, 4]	New Zealand	**50**	50
The Brisbane Publishing Company Pty Ltd [2]	Australia	**100**	100
The Bundaberg Newspaper Company Pty Limited [2, 3]	Australia	**100**	100
Buspak Advertising (China) Limited	Hong Kong	**100**	100
Buspak Advertising Group Pty Ltd [2, 3]	Australia	**100**	100
Buspak Advertising (Hong Kong) Limited [6]	Hong Kong	**50**	50

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)

	Country of incorporation or formation	Equity holding 2008 %	2007 %
Buspak Advertising (Singapore) Pte Ltd	Singapore	**100**	100
Byron Shire News Pty Ltd [2]	Australia	**100**	100
Calcom Sdn Bhd [11]	Malaysia	**50**	35
Campus Review Pty Ltd [2]	Australia	**100**	100
Capital City Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Capricornia Newspapers Pty Ltd [2, 3]	Australia	**100**	100
Captive Media Pty Limited [2]	Australia	**100**	100
Cardcorp (Manufacturing) Pty Limited [1]	Australia	**100**	100
Central Coast Broadcasting Pty [1, 4]	Australia	**50**	50
Central Queensland News Publishing Company Pty Ltd [2]	Australia	**100**	100
Central Telegraph Pty Ltd [2]	Australia	**100**	100
Chinchilla Newspapers Pty Ltd [2]	Australia	**100**	100
Cody Link Pty Ltd [2, 3]	Australia	**100**	100
Cody Outdoor International (HK) Limited [7]	Hong Kong	**50**	50
Coffs Coast RE Marketing Pty Ltd	Australia	**70**	-
Commonwealth Broadcasting Corporation Pty Ltd [1, 4]	Australia	**50**	50
Covette Investments Pty Limited	Australia	**100**	-
Daily Commercial News Pty Ltd [2]	Australia	**100**	100
The Daily Examiner Pty Ltd [2]	Australia	**100**	100
Dalby Herald Pty Ltd [2]	Australia	**100**	100
DCN (Electronic Services) Pty Ltd [2]	Australia	**100**	100
Double T Radio Pty Ltd [1, 4]	Australia	**50**	50
Eastcott Investments Pty Ltd [2, 3]	Australia	**100**	100
Esky Limited	New Zealand	**100**	50
Everfact Pty Limited [2, 3]	Australia	**100**	100
Everfact Unit Trust	Australia	**100**	100
5AD Broadcasting Company Pty Ltd [1, 4]	Australia	**50**	50
Focus Communications Limited [8]	Hong Kong	**50**	50
Focus Panel Advertising Limited [8]	Hong Kong	**45**	45
Gatton Star Pty Ltd [2]	Australia	**100**	100
Gergdaam Capital Pty Limited	Australia	**100**	-
Gladstone Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
The Gold Coast Press Pty Limited [2]	Australia	**100**	100
GSP Print Pty Ltd [2]	Australia	**100**	100
Gulgong Pty Limited [2, 3]	Australia	**100**	100
Gympie Times Pty Ltd [2]	Australia	**100**	100
Haswell Pty Limited [2, 3]	Australia	**100**	100
The Hive Online Limited	New Zealand	**100**	-
The Internet Amusements Group Pty Limited [1, 4]	Australia	**50**	50
Jupiter Outdoor Network Sdn Bhd [9]	Malaysia	**50**	50
KAFM Broadcasters Proprietary Limited [1, 4]	Australia	**50**	50
Kelly Publications Pty Ltd [2]	Australia	**100**	100
Kurnia Outdoor Production Sdn Bhd [10]	Malaysia	**50**	50
Kurnia Outdoor Sdn Bhd [9]	Malaysia	**50**	50
Level 4 Investments Pty Limited	Australia	**100**	-
Longbeach Publications Pty Ltd [2]	Australia	**100**	100
Longbeach Publications Unit Trust	Australia	**100**	100
Lokasi Sejagat Sdn Bhd [11]	Malaysia	**50**	50
The Mackay Printing and Publishing Company Pty Limited [2, 3]	Australia	**100**	100
The Maryborough Hervey Bay Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
Marnin Limited [13]	Ireland	**-**	-
Media Tek Pty Limited [2, 3]	Australia	**100**	100
Melbourne Independent Newspapers Pty Ltd [2]	Australia	**100**	100
Michael Nettlefold Pty Ltd [2]	Australia	**100**	100
Mt Maunganui Publishing Co Limited	New Zealand	**100**	100
National Outdoor Advertising Pty Limited [2]	Australia	**100**	100
Nettlefold Advertising Pty Ltd [2]	Australia	**100**	100
Nettlefold Outdoor Advertising Trust	Australia	**100**	100
New Hobsons Press Pty Limited	Australia	**100**	100
New Zealand Radio Network Limited [1, 4]	New Zealand	**50**	50
North Coast News Pty Ltd [2, 3]	Australia	**100**	100
Northern Star Ltd [2, 3]	Australia	**100**	100
Observer Times (Hervey Bay) Pty Ltd [2]	Australia	**100**	100
Outdoor Network Co Ltd	Thailand	**100**	100
Peterhouse Proprietary Limited [2]	Australia	**100**	100

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)

	Country of incorporation or formation	Equity holding 2008 %	Equity holding 2007 %
Provincial Investments Pty Ltd [2, 3]	Australia	**100**	100
PT Rainbow Asia Posters [12]	Indonesia	**50**	50
The Queensland Times Pty Limited [2, 3]	Australia	**100**	100
The Radio Bureau Limited [1, 4]	New Zealand	**50**	50
The Radio Network of NZ Limited [1, 4]	New Zealand	**-**	50
The Radio Network Limited [1, 4]	New Zealand	**50**	50
Radiowise Pty Ltd [1, 4]	Australia	**50**	50
Reach Network Pty Ltd [2]	Australia	**100**	100
Regional Publishers Limited	New Zealand	**100**	100
Regmax Pty Limited [1, 4]	Australia	**50**	50
Sabawin Pty Limited [2]	Australia	**100**	100
Sell Me Free Limited	New Zealand	**100**	50
Skyten Marketing Sdn Bhd [11]	Malaysia	**50**	50
SOL Australia Pty Ltd [2]	Australia	**100**	100
The South Burnett Times Pty Ltd [2]	Australia	**100**	100
Southern State Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Speedlink Services Pty Ltd [1, 4]	Australia	**50**	50
Stanley Newcomb & Co Limited	New Zealand	**100**	100
Stanthorpe Newspapers Services Unit Trust	Australia	**100**	100
Style Magazines Pty Ltd [14]	Australia	**50**	50
SunCoastal FM Radio Pty Ltd [1, 4]	Australia	**50**	50
Sunshine Coast Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
Taxi Top Advertising Co Ltd	Thailand	**100**	100
Taximedia (Hong Kong) Limited [7]	Hong Kong	**50**	50
Taximedia Pty Ltd [2]	Australia	**100**	100
TMS Outdoor Advertising Pty Limited [2]	Australia	**100**	100
Toowoomba Newspapers Pty Ltd [2, 3]	Australia	**100**	100
Total Cab Media Pty Ltd	Australia	**100**	100
Trade Debts Collecting Co Limited	New Zealand	**100**	100
Transit Video Enterprises Pty Limited	Australia	**100**	100
TRB Holdings (2004) Limited [1, 4]	New Zealand	**-**	50
The Tweed Newspaper Co Pty Ltd [2, 3]	Australia	**100**	100
Universal Outdoor Co Ltd	Thailand	**100**	100
Universal Outdoor Pty Limited [2, 3]	Australia	**100**	100
Universal Radio Pty Ltd [1, 4]	Australia	**50**	50
Valtoff Pty Limited [2, 3]	Australia	**100**	100
The Warwick Newspaper Pty Limited [2, 3]	Australia	**100**	100
Wawasan Kilat Sdn Bhd [11]	Malaysia	**50**	50
Wesgo [1, 4]	Australia	**50**	50
West Sydney Radio Pty Ltd [1, 4]	Australia	**50**	50
Westat Research Pty Ltd [1, 4]	Australia	**50**	50
Western Australia Investments Pty Ltd	Australia	**100**	100
Western Star Pty Ltd [2]	Australia	**100**	100
Whitsunday Times Unit Trust	Australia	**75**	75
Wilson & Horton Australia Pty Ltd [1]	Australia	**100**	100
Wilson & Horton Finance Pty Ltd [2]	Australia	**100**	100
Wilson & Horton Limited	New Zealand	**100**	100
Wilson & Horton Provident Nominees Limited	New Zealand	**100**	100
W&H Interactive Limited	New Zealand	**100**	100
Yourbiz Holdings Limited [1, 4]	New Zealand	**-**	50
Zodiac Australia Pty Ltd [2]	Australia	**100**	100

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)

[1] Denotes controlled entities audited by auditors other than PricewaterhouseCoopers.

[2] These companies are parties to a Deed of Cross Guarantee dated 5 December 2006 under which each company guarantees the debts of the others. These companies represent a Closed Group for the purposes of the Class Order. There are no other members of the Extended Closed Group. Captive Media Pty Limited, Michael Nettlefold Pty Ltd and Reach Network Pty Ltd were removed from the Deed of Cross Guarantee by Revocation Deed dated 30 May 2008.

[3] These wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

[4] Under the shareholders agreement, whilst APN News & Media Limited holds 50% of the issued capital and is entitled to appoint 50% of the Directors, APN News & Media Limited has the right to appoint the chief executive of this entity and so exercises effective positive and sustained control over the financial policies of this entity.

[5] The Australian Radio Network Group has a 50% controlling interest in Brisbane FM Radio Pty Ltd, resulting in APN News & Media Limited having control of this entity and an effective interest of 25%.

[6] Under the shareholders agreement, whilst the immediate parent entity holds 50% of the issued capital and is entitled to appoint 50% of the Directors, the Executive Chairman of the controlled entity, who is a Director on the APN News & Media Limited Board, exercises positive and sustained control over the strategic and financial policies of this entity.

[7] These entities are 100% owned by Buspak Advertising (Hong Kong) Limited.

[8] Focus Communications Limited is 100% owned by Cody Outdoor International (HK) Limited. Focus Panel Advertising Limited is 90% owned by Buspak Advertising (Hong Kong) Limited.

[9] Under the shareholders agreement, APN News & Media Limited has the right to appoint 50% of the Directors and a Chairman who has the right to use a casting vote.

[10] This entity is 100% owned by Kurnia Outdoor Sdn Bhd.

[11] These entities are 100% owned by Jupiter Outdoor Network Sdn Bhd.

[12] Under the Memorandum of Understanding, APN News & Media Limited has the right to appoint 50% of the Directors including the Vice President who has the authority to resolve any deadlocks between the shareholders.

[13] The consolidated entity holds no equity interest in Marnin Limited but is deemed to exercise control in accordance with UIG Interpretation 112 *Consolidation - Special Purpose Entities*. Marnin Limited was established in 2005 to enter into a finance transaction on behalf of the Group. The debt owed by Marnin Limited is fully disclosed in the consolidated financial statements.

[14] Under the shareholders agreement, the immediate parent entity, whilst it holds 50% of the issued capital, is entitled to appoint 50% of the Directors and the Chairman who has the right to use a casting vote.

Set out below is a consolidated income statement for the year ended 31 December 2008 for the Closed Group:

	Consolidated	
	2008	2007
	$'000	$'000
Revenue before finance income	**471,138**	467,651
Other income	**21,799**	28,947
Expenses before finance costs	**(383,750)**	(381,576)
Finance income	**954**	1,796
Finance costs	**(102,652)**	(85,842)
Net finance costs	**(101,698)**	(84,046)
Share of profits of associates	**7,299**	7,882
Profit before income tax expense	**14,788**	38,858
Income tax credit/(expense)	**2,296**	(139)
Profit from continuing operations	**17,084**	38,719
Net profit attributable to minority interest	**(72)**	59
Net profit attributable to members of the parent entity	**17,012**	38,778
Accumulated losses		
Balance at beginning of the year	**(392,705)**	(277,401)
Net profit attributable to members of the parent entity	**17,012**	38,778
Transfer from foreign currency translation reserve	**8,243**	(1,859)
Dividends paid	**(154,175)**	(152,223)
Balance at end of the year	**(521,625)**	(392,705)

Set out below is a consolidated balance sheet as at 31 December 2008 of the Closed Group:

	Consolidated	
	2008	2007
	$'000	$'000
Current assets		
Cash and cash equivalents	**6,868**	8,542
Receivables	**606,959**	131,780
Inventories	**6,705**	5,768
Tax assets	**906**	5,628
Other	**8,512**	11,374
Total current assets	**629,950**	163,092
Non-current assets		
Receivables	**112,573**	117,746
Other financial assets	**490,612**	492,251
Property, plant and equipment	**125,980**	105,702
Intangible assets	**766,055**	790,717
Other	**39,482**	52,129
Total non-current assets	**1,534,702**	1,558,545
Total assets	**2,164,652**	1,721,637
Current liabilities		
Payables	**1,026,719**	502,322
Derivative financial instruments	**5,393**	2,093
Provisions	**9,045**	14,623
Total current liabilities	**1,041,157**	519,038
Non-current liabilities		
Payables	**3,888**	4,153
Interest bearing liabilities	**787,314**	710,214
Provisions	**20,558**	23,828
Total non-current liabilities	**811,760**	738,195
Total liabilities	**1,852,917**	1,257,233
Net assets	**311,735**	464,404
Equity		
Contributed equity	**920,792**	916,561
Reserves	**(87,395)**	(59,448)
Accumulated losses	**(521,625)**	(392,705)
Total parent entity interest	**311,772**	464,408
Minority interest	**(37)**	(4)
Total equity	**311,735**	464,404

Acquisition of controlled entities

During 2008 there were a number of acquisitions of capital and assets made by the Group as follows:

8 January 2008 acquired the remaining 50% of Finda Group Limited (now Esky Limited)
14 March 2008 acquired the remaining 50% of Sell Me Free Limited
1 December 2008 acquired 100% of Northern Rivers Echo
31 December 2008 acquired 100% of Northland Age

Details of net assets acquired and goodwill are as follows:

	2008 $'000	2007 $'000
Purchase Consideration		
Cash Paid	5,871	-
Fair value of previously held equity interests	5,872	-
Contingent consideration	2,517	-
Total Consideration	14,260	-

The fair value of the assets and liabilities arising from the acquisition are as follows:

	2008 $'000	2007 $'000
Cash and cash equivalents	451	-
Property, plant and equipment	927	-
Receivables	1,777	-
Payables	(9,473)	-
Provisions	(117)	-
Future income tax benefit	1,647	-
Intangible assets	512	-
Net identifiable assets acquired	(4,276)	-
Add: Goodwill	18,536	-
Total Consideration	14,260	-

Details of the cash flow and consideration relating to the acquisitions were as follows:

	2008 $'000	2007 $'000
Outflow of cash to acquire business:		
Cash consideration	5,871	-
Add costs of the acquisition	145	-
	6,016	-
Less cash balances acquired	(451)	-
Outflow of cash	5,565	-

23. INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of associate	Principal activity	Country of incorporation and principal place of business	Ownership interest		Consolidated carrying values	
			2008 %	2007 %	**2008 $'000**	2007 $'000
Adshel Street Furniture Pty Limited	Outdoor advertising	Australia	**50**	50	**32,128**	25,360
Pan TV Ltd	Television production	Australia	**30**	30	**1,538**	1,137
Marcus Oaks Pty Ltd	Sign fitting	Australia	**50**	50	**1,043**	454
APNfinda Ltd	Online business directories	New Zealand	**100***	50	**-**	(530)
Sell Me Free Limited	Online general classifieds	New Zealand	**100***	50	**-**	1,858
Eventfinder Limited	Online events directory	New Zealand	**50**	50	**675**	876
					35,384	29,155

* Now consolidated

	Consolidated	
	2008 $'000	2007 $'000
(a) Movements in carrying amounts of investments in associates		
Carrying amount at beginning of the year	**29,155**	25,703
Additions	**-**	876
Share of profit after income tax expense	**6,484**	6,829
Dividends received	**-**	(3,097)
Other	**(255)**	(1,156)
Carrying amount at end of the year	**35,384**	29,155
(b) Results attributable to associates		
Earnings before interest and tax	**10,666**	12,277
Net finance costs	**(1,848)**	(2,169)
Profit before income tax expense	**8,818**	10,108
Income tax expense	**(2,334)**	(3,279)
Profit after income tax expense	**6,484**	6,829
Dividends received	**-**	(3,097)
	6,484	3,732
Retained profits attributable to associates at beginning of the year	**18,119**	14,387
Retained profits attributable to associates at end of the year	**24,603**	18,119
(c) Share of associates' expenditure commitments		
Capital commitments	**6,247**	5,985
Lease commitments	**107,576**	115,901
	113,823	121,886

(d) Summarised financial information of associates

	Group's share of:		
	Assets $'000	**Liabilities** $'000	**Revenue** $'000
2008	**68,197**	**35,053**	**60,589**
2007	73,058	46,026	60,277

	Consolidated 2008 $'000	2007 $'000
24. SEGMENT INFORMATION		
Primary segments – industry		
The consolidated entity operates predominately in the following industries:		
Publishing of newspapers, magazines, directories, printing and online publishing		
Broadcasting of radio transmissions		
Outdoor – specialist transit and static outdoor advertising		
Segment revenues – continuing revenue from external customers		
Publishing	**726,726**	788,323
Broadcasting	**233,553**	256,994
Outdoor	**265,107**	268,806
Corporate & other	**1,003**	58
	1,226,389	1,314,181
Revenue from operations closed/sold during the period		
Publishing	-	392
Segment revenues including operations closed/sold during the period	**1,226,389**	1,314,573
Other income	**28,616**	25,666
Finance income	**3,300**	5,982
Total revenue and other income	**1,258,305**	1,346,221
Segment results (before interest and income tax)		
Publishing	**170,915**	213,026
Broadcasting	**68,902**	84,900
Outdoor (including share of profits of associates)	**39,492**	37,017
Corporate & other	**(748)**	(10,649)
Segment result excluding operations closed/sold during the period	**278,561**	324,294
Result from operations closed/sold during the period		
Publishing	**(17)**	(676)
Segment result including operations closed/sold during the period	**278,544**	323,618
Impairment and other exceptional items	**(192,181)**	(8,529)
Profit from continuing operations before interest and tax	**86,363**	315,089
Net finance costs	**(75,533)**	(63,359)
Profit before income tax expense	**10,830**	251,730
Income tax expense	**(5,008)**	(45,723)
Profit from continuing operations	**5,822**	206,007

	Consolidated 2008 $'000	2007 $'000
Segment assets		
Publishing	**1,247,242**	1,478,471
Broadcasting	**546,366**	578,496
Outdoor	**411,661**	400,479
Corporate & other	**118,197**	123,372
	2,323,466	2,580,818
Segment liabilities		
Publishing	**219,703**	334,305
Broadcasting	**52,181**	64,737
Outdoor	**161,121**	169,822
Corporate & other	**841,069**	736,184
	1,274,074	1,305,048
Investments in associates		
Publishing	**675**	2,204
Broadcasting	**1,538**	1,137
Outdoor	**33,171**	25,814
	35,384	29,155
Share of profits of associates		
Publishing	**(1,217)**	(1,282)
Broadcasting	**401**	229
Outdoor	**7,300**	7,882
	6,484	6,829
Acquisition of segment assets		
Publishing	**52,464**	141,202
Broadcasting	**11,101**	6,897
Outdoor	**22,652**	11,224
Corporate & other	**3,250**	4,810
	89,467	164,133
Depreciation and amortisation (including amortisation of borrowing costs)		
Publishing	**23,054**	20,483
Broadcasting	**6,841**	6,703
Outdoor	**8,103**	6,813
Corporate & other	**4,645**	5,846
	42,643	39,845

	Consolidated 2008 $'000	2007 $'000
Secondary segments – geographic		
Revenue from external customers		
Australia	**599,156**	621,804
New Zealand	**548,681**	619,234
Asia	**78,552**	73,535
	1,226,389	1,314,573
Segment results (before interest and income tax)		
Australia	**165,171**	170,685
New Zealand	**103,205**	145,783
Asia	**10,185**	7,826
Segment result excluding operations closed/sold during the period	**278,561**	324,294
Result from operations closed/sold during the period		
Australia	**-**	50
New Zealand	**(17)**	(726)
Segment result including operations closed/sold during the period	**278,544**	323,618
Impairment and other exceptional items	**(192,181)**	(8,529)
Profit from continuing operations before interest and tax	**86,363**	315,089
Segment assets		
Australia	**959,620**	1,036,268
New Zealand	**1,308,599**	1,496,227
Asia	**55,247**	48,323
	2,323,466	2,580,818
Acquisition of segment assets		
Australia	**53,722**	137,670
New Zealand	**33,447**	25,197
Asia	**2,298**	1,266
	89,467	164,133

Notes to and forming part of segment information

(i) **Segment policies**
Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, goodwill and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other payables, employee benefits and provision for restructuring.

(ii) **Inter-segment transfers**
Segment revenues, expenses and results exclude transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

25. RELATED PARTY INFORMATION

Directors and Relevant Executives

The Group's executive team was restructured during the period and the following Relevant Executives, together with Brendan Hopkins and the other Directors, were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the parent entity and consolidated entity during the financial year for the periods shown:

Name	Relevant period	Position	Employer
Peter Myers		Chief Financial Officer	APN News & Media Limited
Martin Simons		Group Publishing Chief Executive*	APN New Zealand Limited
Mark Jamieson	to 30 June 2008	CEO Australian Publishing	APN Newspapers Pty Ltd
Bob Longwell	to 30 June 2008	CEO Australian Radio	Australian Radio Network Pty Limited
Richard Herring		Group Radio and Outdoor Chief Executive*	APN Outdoor Pty Limited
Warren Lee		CEO APN Online	APN News & Media Limited
Rob Lourey	from 1 July 2008	Group Human Resources Director	APN News & Media Limited

* Appointed to this position as a result of the executive team restructure noted above

Total remuneration including the amortised cost of options for Directors and Relevant Executives in aggregate is as follows:

	Short-term	Post-employment	Amortised cost of options	Total including amortised cost of options
2008	**$6,031,959**	**$997,932**	**$(694,834)**	**$6,335,057**
2007	$8,248,436	$623,341	$597,732	$9,469,509

Other disclosures relating to Directors and Relevant Executives are set out in the Remuneration Report.

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Unsecured and interest bearing loans				
Loans from Directors of entities in the consolidated entity and their Director related entities, are disclosed in note 12.				
Loan repayments - P Sapwell, S Koh, A Yew and G Khan	**312**	518	-	-
Net interest paid/payable on loans from Directors of entities in the consolidated entity and their Director related entities	**105**	67	-	-
Dividend paid/payable	**-**	1,376	-	-

Transactions with entities in the wholly-owned group

APN News & Media Limited is the parent entity in the wholly-owned group comprising the Company and its wholly-owned controlled entities.

The Company advanced and repaid loans, received loans and received dividends and interest to/from other entities in the wholly-owned group during the current and previous financial years. With the exception of certain interest free loans provided by the Company, these transactions were on commercial terms and conditions.

Transactions with other related parties

The aggregate amounts recognised in respect of the following types of transactions and each class of related party involved were:

Transaction type	Class of other related party	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Loans advanced to / (repaid by)	Controlled entities(i)	**-**	-	**72,285**	(57,867)
Loan interest received	Associates(ii)	**969**	1,028	**-**	-
Group service fees received	Controlled entities(iii)	**-**	-	**-**	3,910
Dividends received	Controlled entity(iv)	**-**	-	**207,515**	118,000
Dividends paid	Other related parties(v)	**60,335**	58,420	**60,335**	58,420
Independent News & Media fees	Other related party(vi)	**1,115**	1,115	**-**	-
Interest received	Controlled entity(vii)	**-**	-	**18,125**	18,125
Management fees receivable	Associates(viii)	**633**	799	**-**	-

The above transactions were made on commercial terms and conditions and at market rates except where indicated.
(i) These loans are at call and interest free.
(ii) These loans are subject to interest.
(iii) Group service fees are charged by the Company to APN Newspapers Pty Ltd (controlled entity) and Australian Provincial Newspapers International Pty Limited (controlled entity) to recover outgoings incurred.
(iv) Dividends received from Gulgong Pty Limited (controlled entity).
(v) Dividends paid to Independent News & Media (Australia) Limited and News & Media NZ Limited.
(vi) Fees paid to Independent News & Media PLC include reimbursements for services provided including travel and ancillary expenses, provision of unlimited live editorial copy, and advisory services on a range of matters including global media and advertising trends and product development.
(vii) Interest received/receivable from Australian Provincial Newspapers International Pty Limited (controlled entity).
(viii) Management fees received/receivable from Associates.

26. EARNINGS PER SHARE

(a) **Earnings per share** (eps)	**2008 cents**	2007 cents
Basic eps – post impairment and other exceptional items	**(4.9)**	34.5
Diluted eps – post impairment and other exceptional items	**(4.9)**	34.0
Basic eps – pre impairment and other exceptional items	**28.6**	34.9
Diluted eps – pre impairment and other exceptional items	**28.6**	34.4

(b) **Reconciliation of earnings used in calculating eps**	**2008 $'000**	2007 $'000
Net (loss)/profit attributable to members of the parent entity used in calculating basic eps	**(23,972)**	167,436
Interest saving on convertible notes	**-**	2,170
Net (loss)/profit attributable to members of the parent entity used in calculating diluted eps	**(23,972)**	169,606

(c) **Weighted average number of shares**	**Number**	Number
Weighted average number of shares used as the denominator in calculating basic eps	**489,665,494**	485,791,000
Adjusted for calculation of diluted eps		
Options	**14,531**	2,681,235
Convertible notes	**-**	10,660,739
Weighted average number of shares used as the denominator in calculating diluted eps	**489,680,025**	499,132,974

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000

27. CASH FLOW INFORMATION

Reconciliation of cash

Cash at end of the year, as shown in the statements of cash flows, comprises:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Cash and cash equivalents	**58,721**	88,814	**545**	512

Reconciliation of net cash inflows from operating activities to profit from continuing operations

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Profit from continuing operations	**5,822**	206,007	**217,591**	128,403
Depreciation and amortisation	**42,645**	39,845	**-**	841
Net gain on sale of non-current assets	**(5,439)**	(15,894)	**-**	-
Share of profits of associates	**(6,484)**	(6,829)	**-**	-
Other non-cash items	**(1,693)**	357	**(1,577)**	585
Fair value adjustment on acquisition of associates	**(7,149)**	-	**-**	-
Change in current/deferred tax payable	**(25,673)**	26,692	**7,984**	19,159
Impairment/onerous contracts – non-cash	**162,591**	-		
Changes in assets and liabilities net of effect of acquisitions:				
Trade and other debtors	**42,136**	(19,182)	**-**	(36)
Inventories	**1,087**	300	**-**	-
Prepayments	**(843)**	(3,643)	**3**	45
Trade and other payables and employee benefits	**(33,058)**	(16,326)	**(331)**	(2,074)
Net cash inflows from operating activities	**173,942**	211,327	**223,670**	146,923

Non-cash financing and investing activities

Share issues
Share issues other than for cash referred to in note 15 are not reflected in the statements of cash flows.

Finance facilities
Details of credit standby arrangements and loan facilities are included in note 28.

28. STANDBY ARRANGEMENTS AND CREDIT FACILITIES

Entities in the consolidated entity have access to:

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent entity 2008 $'000	Parent entity 2007 $'000
Overdraft facilities				
Unsecured bank overdraft facility totalling	**18,464**	8,463	-	-
Amount of credit utilised	**(1,172)**	(365)	-	-
Amount of available credit	**17,292**	8,098	-	-
Loan facilities (unsecured)				
Unsecured bank loan facility totalling	**1,063,325**	998,807	-	-
Amount of facility utilised	**(969,320)**	(948,183)	-	-
Amount of available facility	**94,005**	50,624	-	-

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Risk management is carried out by a central Treasury Function under policies approved by the Board of Directors. The policies provide principles for overall risk management, as well as areas covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. The Group's revenue and cost base are influenced by inflation and Gross Domestic Product, which are also significant factors in interest rate movements. The Group's natural business cycle therefore enables it to absorb interest rate increases. The level of fixed rate facilities have however, decreased in 2008 and the Group has in place interest rate swaps to reduce volatility from interest rate movements. During 2008 and 2007, the Group's borrowings at variable rate were dominated in Australian dollars and New Zealand dollars.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest bearing positions.

Based on the outstanding net floating debt at 31 December 2008, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by $5.6 million lower/higher (2007: $5.3 million lower/higher). The parent entity has no significant exposure to a change in interest rates.

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Individual transactions are assessed and forward exchange contracts are used to hedge the risk where deemed appropriate.

A USD denominated bank account is held for the purpose of paper contract purchases, which is kept at a minimum balance. As such any foreign exchange risk is considered immaterial.

Whilst the Group as a whole has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to receivables or payables in currencies that are not their functional currency.

(iii) Price risk

The Group and parent entity are not exposed to significant price risk.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board. For other customers, risk control assesses the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 18 for details).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

31 December 2008	**Less than one year $'000**	**Between one and two years $'000**	**Between two and five years $'000**	**Over five years $'000**
Bank loans (including interest to maturity)	213,314	177,199	727,706	-
Other loans	18,318	-	-	-
Gross liability	231,632	177,199	727,706	-
Less: interest	(59,049)	(44,750)	(46,644)	-
Principal	172,583	132,449	681,062	-

31 December 2007	**Less than one year $'000**	**Between one and two years $'000**	**Between two and five years $'000**	**Over five years $'000**
Bank loans (including interest to maturity)	170,263	88,101	914,292	55,231
Other loans	19,085	-	-	-
Gross liability	189,348	88,101	914,292	55,231
Less: interest	(76,052)	(69,983)	(135,794)	(6,012)
Principal	113,296	18,118	778,498	49,219

The tables below analyse the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. They are expected to occur and effect profit or loss at various dates up to a year from reporting date.

31 December 2008	**Less than one year $'000**	**Between one and two years $'000**	**Between two and five years $'000**	**Over five years $'000**
Forward foreign exchange contracts				
(i) cash flow hedges				
- inflow	3,758	-	-	-
- outflow	3,216	-	-	-
(ii) non-specific cash flow hedges				
- inflow	33,504	-	-	-
- outflow	33,831	-	-	-

31 December 2007	**Less than one year $'000**	**Between one and two years $'000**	**Between two and five years $'000**	**Over five years $'000**
Forward foreign exchange contracts				
(i) cash flow hedges				
- inflow	13,213	-	-	-
- outflow	15,130	-	-	-
(ii) non-specific cash flow hedges				
- inflow	37,280	-	-	-
- outflow	37,686	-	-	-

30. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

(a) Foreign exchange contracts – cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the inventory and fixed assets recognised in the balance sheet by the related amount deferred in the equity.

During the year ended 31 December 2008, a loss of $1,741,000 (2007: loss of $3,418,000) was transferred to other expenses in the income statement.

(b) Foreign exchange contracts - held for trading

The Group has further entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts are subject to the same risk management policies as all other derivative contracts; see note 29 for details. However, they must be accounted for as held for trading.

(c) Credit risk exposure

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on derivative financial instruments with unrealised gains. At reporting date, no amount was receivable (Australian dollar equivalents) for the Group from forward exchange contracts (2007: $Nil). The Group undertakes 100% of its transactions in foreign exchange contracts with financial institutions.

(d) Interest rate swaps

Two of the interest rate swaps held by the consolidated entity as at 31 December 2008 offset each other having a notional principal amount of NZ$150,341,994 (2007: NZ$169,596,894) each and mature in the next 12 months.

The remaining swaps have a mark to market loss of A$4,188,827. The table below analyses these net settled interest rate swaps into relative maturity groupings based on the remaining period at the reporting date to the contractual maturity date. For interest rate swaps, the cash flows have been estimated using current interest rates applicable at the reporting date.

31 December 2008	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Net settled – interest rate swaps (outflow)	(2,640)	(692)	(15)	-

(e) Interest rate and foreign exchange risk

For an analysis of the sensitivity of derivatives to interest rates, refer note 29.

Foreign exchange contracts – translation of New Zealand earnings
The consolidated entity has entered into foreign exchange contracts in order to protect its earnings in foreign currency from adverse exchange rate movements.

As at balance date, the details of outstanding contracts are:

Sell New Zealand dollars	**Buy Australian dollars**		**Average exchange rate**	
	2008	2007	**2008**	2007
	$'000	$'000		
Maturity				
Zero to 12 months	**33,125**	37,280	**1.2064**	1.1534

Foreign exchange contracts – paper purchases
The New Zealand Print operations purchase paper in US dollars. In order to protect against adverse exchange rate movements, the consolidated entity has entered into foreign exchange swap contracts.

As at balance date, the details of outstanding contracts are:

Buy US dollars	**Sell New Zealand dollars**		**Average exchange rate**	
	2008	2007	**2008**	2007
	$'000	$'000		
Maturity				
Zero to 12 months	**3,338**	9,240	**0.674**	0.622

Foreign exchange contracts – capital equipment
The consolidated entity has entered into foreign exchange contracts for the purchase of capital equipment.

As at balance date the details of the outstanding contracts are:

Buy United States dollars	**Sell Australian dollars**		**Average exchange rate**	
	2008	2007	**2008**	2007
	$'000	$'000		
Maturity				
Zero to 12 months	**424**	6,758	**0.8342**	0.8329

Buy Swiss francs	**Sell Australian dollars**		**Average exchange rate**	
	2008	2007	**2008**	2007
	$'000	$'000		
Maturity				
Zero to 12 months	-	273	-	0.9014

31. SUBSEQUENT EVENTS

On 20 March 2009 the Company received advice from the New Zealand Inland Revenue Department (NZIRD) that it had decided to discontinue the dispute in relation to the Masthead Licensing Agreement (MLA).

The decision confirms the taxation and accounting treatment adopted by the Company in relation to the MLA and means that no additional tax is payable. The decision is final and binding on the NZIRD.

Except as noted above, since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the consolidated financial statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

- APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

In the Directors' opinion:

(a) the financial statements and notes set out on pages 36 to 85 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2007 and of their performance, as represented by the results of their operations, their changes in equity and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 22.

This declaration is made in accordance with a resolution of the Directors, after receiving the declarations required to be made by the Chief Executive and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001*.

GK O'Reilly
Director

BMA Hopkins
Director

Sydney
24 March 2009

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Report on the financial report

We have audited the accompanying financial report of APN News & Media Limited (the company), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both APN News & Media Limited and the APN News & Media Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of APN News & Media Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in section 10 of the Directors' Report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of APN News & Media Limited for the year ended 31 December 2008, complies with section 300A of the Corporations Act 2001.

PricewaterhouseCoopers

PricewaterhouseCoopers

Steven Bosiljevac, Partner

Sydney, 24 March 2009

Liability limited by a scheme approved under Professional Standards Legislation

INFORMATION ON SHAREHOLDERS

- APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

1. SHARES

(a) Substantial shareholders

The following information is extracted from substantial shareholder notices received by the Company as at 2 March 2009:

Name	Number of shares
Independent News & Media (Australia) Limited	131,541,073
News & Media NZ Limited	60,000,000
Perpetual Limited	71,494,764
Commonwealth Bank of Australia	44,736,900
Maple-Brown Abbott Limited	37,453,140
National Australia Bank Limited	30,974,910
452 Capital Pty Limited	29,521,752

The Company also received a substantial shareholder notice from Baycliffe Limited noting that, through its holding in Independent News & Media PLC (INM), it holds a relevant interest in shares in the Company held by INM.

(b) Top 20 holders of fully paid ordinary shares at 2 March 2009

Name	Number of shares	% of total shares
Independent News & Media (Australia) Limited	131,541,073	26.82%
News & Media NZ Limited	60,000,000	12.23%
J P Morgan Nominees Australia Limited	41,494,111	8.46%
National Nominees Limited	41,028,255	8.37%
RBC Dexia Investor Services Australia Nominees Pty Limited (PIPooled a/c)	37,649,314	7.68%
RBC Dexia Investor Services Australia Nominees Pty Limited	16,021,964	3.27%
Australian Foundation Investment Company Limited	10,479,455	2.14%
Citicorp Nominees Pty Limited	7,983,622	1.63%
Citicorp Nominees Pty Limited (CFS WSLE 452 AUST SHARE a/c)	7,797,185	1.59%
Australian Reward Investment Alliance	7,161,664	1.46%
HSBC Custody Nominees (Australia) Limited	6,235,997	1.27%
RBC Dexia Investor Services Australia Nominees Pty Limited (PIIC a/c)	6,114,580	1.25%
ANZ Nominees Limited (Cash Income a/c)	5,218,936	1.06%
Cogent Nominees Pty Limited	4,851,354	0.99%
UBS Nominees Pty Ltd	4,583,652	0.93%
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 1 a/c)	4,000,000	0.82%
Argo Investments Limited	3,461,844	0.71%
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 4 a/c)	2,748,477	0.56%
Citicorp Nominees Pty Limited (CFSIL CFSWS GEAR 452 AU a/c)	2,278,887	0.46%
Citicorp Nominees Pty Limited (CFSIL CFSWS SMALL COMP a/c)	2,187,681	0.45%
Total	**402,838,051**	**82.14%**

(c) Analysis of individual ordinary shareholdings as at 2 March 2009

Holding	Number of shareholders	% of total	Number of shares	% of issued capital
1-1,000	2,602	22.74%	1,252,660	0.26%
1,001-5,000	5,720	50.00%	15,601,573	3.18%
5,001-10,000	1,864	16.29%	13,409,126	2.73%
10,001-100,000	1,164	10.17%	25,761,316	5.25%
100,001 and over	91	0.80%	434,388,715	88.58%
Total holdings	11,441	100.00%	490,413,390	100.00%

There were 1,243 holders of less than a marketable parcel.

(d) Voting rights of shareholders

The voting rights are governed by Paragraphs 54 to 67 of the Constitution. In summary, shareholders are entitled to vote in person or by proxy, representative or attorney at any meeting of shareholders of the company on:

- a show of hands - one vote per shareholder; and
- a poll - one vote per share.

2. OPTIONS

Analysis of individual option holdings as at 2 March 2009

Holding	Number of optionholders	% of total	Number of options	% of total options
1-1,000	-	-	-	-
1,001-5,000	-	-	-	-
5,001-10,000	3	2.73%	30,000	0.17%
10,001-100,000	71	64.54%	3,790,000	21.52%
100,001 and over	36	32.73%	13,790,000	78.31%
Total holdings	110	100.00%	17,610,000	100.00%

3. DIRECTORS' INTERESTS

The relevant interest of each Director in the securities of the parent entity as at 2 March 2009 is:

Director	Number of shares	Number of options
GK O'Reilly	20,000	-
AE Harris	580,956	-
BMA Hopkins	593,779	2,500,000
S Atkinson	13,022	-
DJ Buggy	-	-
PP Cody	105,024	-
PM Cosgrove	100,000	-
VC Crowley	760,404	-
LP Healy	581,112	-
KJ Luscombe	55,876	-
JH Maasland	-	-
AC O'Reilly	1,000,000	-

STOCK EXCHANGE LISTING

APN News & Media Limited shares are listed on the Australian Securities Exchange and the New Zealand Exchange (code APN).

ENQUIRIES

Shareholders or investors with any enquiries concerning their holdings, shareholder details, dividend information, or administrative matters, should direct their enquiries to the Share Registry. Contact details for the Share Registry appear on the following page.

DIVIDEND PAYMENTS

Dividends to shareholders may be paid direct to any bank, building society or credit union account in Australia. Shareholders who wish to receive dividends by electronic transfer should advise the Share Registry in writing with full account details.

REGISTER YOUR EMAIL ADDRESS

Shareholders can register their email address to receive dividend advices, notification of availability of annual reports and other shareholder communications. To register, shareholders should go to www.linkmarketservices.com.au. Other services available to shareholders at this website include: viewing details of their shareholdings, updating address details, updating bank details and obtaining a variety of registry forms.

TAX FILE NUMBER (TFN)

The Company is obliged to deduct tax from unfranked or partially franked dividend payments to shareholders resident in Australia who have not supplied their TFN to the Share Registry. To avoid this deduction, you should advise the Share Registry in writing of your TFN.

CONSOLIDATION OF HOLDINGS

Shareholders who have multiple issuer-sponsored holdings and wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing.

CHANGE OF NAME OR ADDRESS

Shareholders who are issuer sponsored should notify the Share Registry in writing of any change in either their name or registered address. If a change of name has occurred, it will be necessary to supply a copy of the relevant deed poll or marriage certificate.

Shareholders sponsored by a broker (broker sponsored) should advise their broker in writing of the amended details.

DIVIDEND REINVESTMENT PLAN (DRP)

Shareholders may elect to participate in the DRP for all or part of their shareholding. Shareholders wishing to participate in the DRP should contact the Share Registry. Terms and conditions of the DRP and forms to apply for, vary or cancel participation in the DRP are also available on the corporate website, www.apn.com.au.

The Directors have set the current rate of discount applicable to the DRP at 2.5%.

No brokerage, commission, stamp duty or other transaction costs are payable on any allotment of shares under the DRP.

INVESTOR INFORMATION

The Annual Report is the most comprehensive publication with information for investors. Copies of the 2008 Annual Report and Shareholder Review may be obtained by contacting the Share Registry or on the corporate website, www.apn.com.au. Other financial and relevant information, including press releases on financial results and Chairman's addresses, are available from the corporate office in Sydney, or at the corporate website.

CORPORATE DIRECTORY

- APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

DIRECTORS

GK O'Reilly (Chairman)
AE Harris (Deputy Chairman)
BMA Hopkins (Chief Executive)
S Atkinson
DJ Buggy
PP Cody
PM Cosgrove
VC Crowley
LP Healy
KJ Luscombe
JH Maasland
AC O'Reilly

SECRETARY

Y Lamont

REGISTERED OFFICE

Level 4, 100 William Street, SYDNEY NSW 2011
Telephone: +61 2 9333 4999
Facsimile: +61 2 9333 4900

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street, SYDNEY NSW 2000

Locked Bag A14, SYDNEY SOUTH NSW 1235

Telephone within Australia: 1300 553 550
Facsimile within Australia: 02 9287 0303
Telephone within New Zealand: 09 375 5998
Facsimile within New Zealand: 09 375 5990
Telephone outside Australia and New Zealand:
+61 2 8280 7111

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

AUDITORS

PricewaterhouseCoopers
Darling Park
Tower 2, 201 Sussex Street, SYDNEY NSW 2000

PRINCIPAL BANKERS

ABN AMRO
ANZ
Commonwealth Bank
HSBC
JP Morgan
National Australia Bank
Westpac Banking Corporation

www.apn.com.au