



APN SHAREHOLDER REVIEW 2007



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APN NEWS & MEDIA 2008 FINANCIAL CALENDAR

2007 Annual Result announced	19 February 2008
Record date for final payment	8 April 2008
Final dividend paid	24 April 2008
Annual General Meeting	6 May 2008
2008 Half-year result announced	12 August 2008
Interim dividend paid	25 September 2008

* The above dates are indicative only and are subject to change

A portfolio of
market leading
multimedia brands
operating in a
variety of high
growth markets

APN News & Media is a true multimedia company.

Whether it be Publishing, Online, Radio or Outdoor Advertising, APN seeks to be the local market leader in all of its operations.

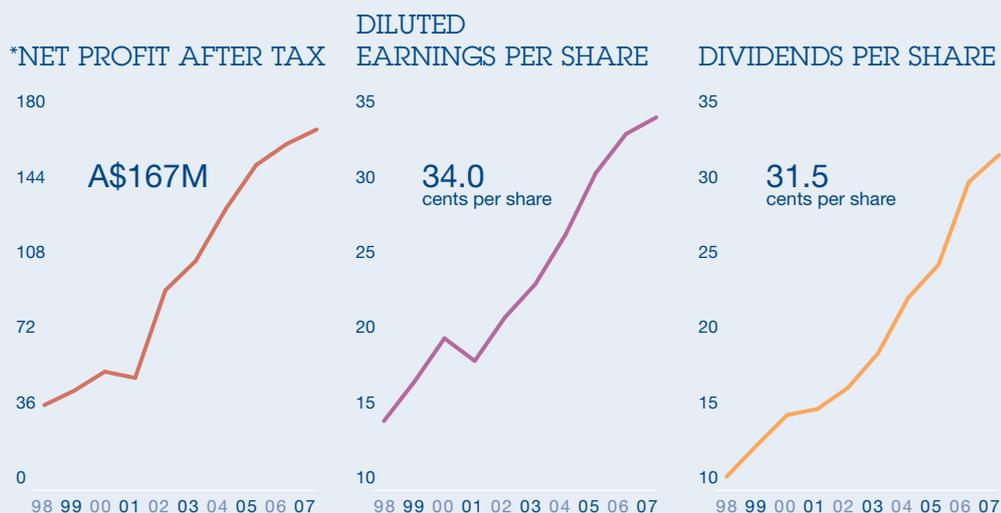
With major market shares in key sectors across Australia, New Zealand and Asia, the Company has established an enviable inventory of leading media brands that continue to excel.

The Company's portfolio approach of operating across multiple media sectors in a variety of attractive markets has produced yet another record profit for Shareholders in 2007. APN's willingness to invest in its brands as well as in new products, and to build on its strong reputation in its local markets bodes well for continued growth into the future.

2007 HIGHLIGHTS

APN News & Media Limited reported a record net profit for 2007 of \$169.4 million before non-recurring items, up 8% on the previous year.

The Directors have declared a full-year dividend of 31.5 cents per share – the 15th consecutive year of dividend growth for shareholders.



* As reported. 2003 and prior have not been adjusted for A-IFRS.

FULL YEAR RESULT (pre non-recurring items)

AUD million	2007	2006	% growth
Underlying Revenue*	1,314.2	1,266.9	4%
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	361.0	342.0	6%
NPAT (Net Profit after Tax)	169.4	157.5	8%
Diluted earnings per share	34.4	32.5	6%
Net Profit post-NRI	167.4	159.5	5%

* Excludes finance and other income, businesses closed/sold and NRIs

CHAIRMAN'S REVIEW



With a clear and focused strategy and a portfolio of highly attractive media assets in high growth markets, APN News & Media has again produced a record net profit for its shareholders

It is extremely pleasing to report that for the 15th consecutive year, shareholders will receive an increased dividend payment, reflecting the ongoing strength of your Company.

Net Profit after Tax for 2007 increased by 8% to a record \$169.4 million before non-recurring items – a commendable outcome in a highly competitive marketplace. Total dividends per share increased by 6% to a record of 31.5 cents per share.

At a time when global markets are adjusting to a period of uncertainty it is pleasing that APN's local growth strategies continue to produce good returns.

We remain obsessively local in our dealings with our audiences and our customers. APN's media brands are vital components of their local communities. It is through the trust and reliance that our brands have established over many years that we can continue to produce strong results in highly competitive market conditions.

APN News & Media is a diverse multimedia company, with exposure to a range of different media sectors across a spread of economic conditions in a variety of high growth locations.

The balance and diversity of APN's assets is a major component of the Company's strength. For example, while tight market conditions prevailed in New Zealand, where APN has market-leading Publishing, Online, Broadcasting and Outdoor Advertising businesses, growth in our Australian and Hong Kong markets was strong. Our exposure to high growth commodity markets which are benefiting from the ongoing expansion in the Chinese and Indian economies continues to bode well for the future.

The 2007 year was an eventful one. In February our shareholders were presented with a proposal from a private consortium to acquire the Company. As one of the consortium members was Independent News & Media PLC (INM), APN's largest shareholder, the Board of your Company immediately established a sub-committee of Directors not associated with INM to handle the approach. At all times best practices in corporate governance were adhered to. After lengthy negotiations, a final offer of \$6.20 per share was put to shareholders at a special meeting held to consider a Scheme of Arrangement specific to the proposed acquisition. The sub-committee of the Board, supported by the full Board, recommended that the Scheme be accepted, in the absence of a superior proposal. Further, an independent expert's report concluded that the Scheme was fair and reasonable and therefore in the best interest of APN shareholders. At the Scheme meeting, the vast majority of voting shareholders (79%) voted in favour of the proposal. A majority of institutional shareholders also voted for the proposal. However the requirement that 75% of total shares voted on the proposal be voted in favour was not met. As a result, the proposal did not succeed.

It is instructive to note that in its report, the independent expert, Deloitte, forecast that if the Scheme were not to proceed, it was highly likely that APN shares would most likely fall in value to a level of between \$5.15 and \$5.44 per share. As it turned out, that forecast was accurate. It will be up to individual shareholders to judge whether the decision by some to reject the \$6.20 per share proposal was justified, however, subsequent events in the market certainly show that the decision to put the proposal to shareholders was the right one and further, that the sub-committee of the Board and the independent expert's opinion has stood the rigour of post assessment.

While the unsolicited approach from the consortium occupied the headlines, management was not diverted from its prime purpose of managing your Company to achieve maximum returns. In all respects, it was business as usual. On behalf of the Board, I would like to extend my thanks to Brendan Hopkins, all of his senior management team and all APN employees for another outstanding year of achievement. As well, I would like to record my appreciation for the continuing support of APN shareholders.

In recent weeks much has been written about the dramatic change in world credit markets.

APN is well placed to withstand continued volatility having re-negotiated credit facilities in October 2006, well prior to this deterioration. The company has no material debt maturities until 2010, with some maturities extending to 2012. Furthermore, the limited amount of current interest bearing liabilities in the balance sheet are covered by existing credit lines and surplus cash. APN's overall debt levels remain modest, allowing us ample capacity to fund strategic growth opportunities should they arise.

Early results for 2008 are satisfactory and ahead of the prior year and I look forward to another positive year.



JAMES J PARKINSON CHAIRMAN
28 March 2008

CHIEF EXECUTIVE REVIEW



The 2007 year marked
another year of progress
driven by continuous change
throughout APN

It is pleasing to report that we have again delivered on the guidance we provided as to earnings during the year. Our NPAT growth of 8% was within the 5% – 10% range foreshadowed at the Annual General Meeting and our EBITDA was broadly in line with our budget set in November of 2006 and disclosed in the Deloitte report that formed part of the Scheme Booklet dispatched to shareholders last April.

These results were achieved despite the fact that APN was probably the only major media company in Australia that did not benefit from the additional Federal Government spending seen during the year, due to the concentration of that spend in metropolitan areas.

Each of the divisions contributed to the 2007 Result. In Publishing, our Queensland titles once again performed strongly. Our New Zealand titles, led by The New Zealand Herald, by far the country's largest newspaper, once again increased revenues and profitability. The Herald on Sunday is now profitable after only three years in the market and it is now Auckland's largest Sunday newspaper by a significant margin.

Our Outdoor business performed strongly and looks like having another good year in 2008. Our Radio business performed in line with expectations within very competitive markets in both Australia and New Zealand and our Online Division has achieved strong organic growth utilizing all of our strong multimedia brands and generating significant revenue growth with, we believe, a lot more growth to come.

'Change Management' is a phrase used extensively throughout APN. We have recruited a specialist team to drive change throughout our operating divisions. While we have seen little of the financial benefits of this change during the 2007 year, we are positioning ourselves for future growth with benefits accruing in 2008 and beyond.

We are changing the way we do business. Deloitte Consulting is working closely with our group – initially within our Australian Publishing division – to refine and further enhance our sales structures throughout our 14 publishing centres.

We are changing the way we present our Outdoor Advertising businesses. We implemented our new Outdoor business system, 'Fusion', into our New Zealand Outdoor business in 2007 and Australia will follow in early 2008. The system provides real time availabilities for all our assets in an online environment, and the efficiencies will benefit the entire business.

We are changing the way we prepare advertisements for all our publications. Advertisements are now compiled centrally

for our Australian titles and we are setting up a similar facility in New Zealand. By the end of 2007, more than 1000 pages, or 90% of our total New Zealand pagination, was outsourced to an independent company, Pagemasters in Auckland. As a result we are achieving high quality pagination output at a significantly lower cost with much more opportunity for page sharing across our titles in New Zealand, as well as more capacity to handle the peaks of our business activity.

We have completed the upgrading of many of our press centres. Yandina commenced production in October 2007 with 'on the run' heat-set quality gloss and stitching and trimming capability. Colour upgrades were commissioned at Mackay, Wanganui, and Tauranga.

In the coming year we will commission new plants at Rockhampton in April, Toowoomba in May and Ballina in the second half.

We will commence Digital upgrades for all of our Australian Radio Network infrastructure in April and will complete the radio licence renewal programme in New Zealand in May. This will underwrite a new 20 year lease renewal for all The Radio Network's New Zealand licences effective from 2011.

During October we expanded the Finance Shared Service Centre facility at Whangarei, two hours drive north of Auckland. As a result, the majority of the Group's financial transactional processing is now centralised with significant financial benefits, most of which will occur in 2008 and 2009.

We continue to migrate to our newly formed Australian Publishing Advertising Services Centre as well as our Customer Contact Centre at the same location in Brisbane. The full benefits of these transitions will, once again, be enjoyed in 2008 and particularly in 2009.

Our Online Division, formed in 2006, saw a significant increase in size and complexity during the year. We now have over 180 staff in this fast growing division. During the year we grew our Online revenues substantially, mostly through organic activities. An example of this was the Herald Online, New Zealand's most popular news website, which is already profitable and which grew revenue by over 80% during the year. In December we completed the acquisition of Finda, New Zealand's most popular Online business directory and we are looking forward to the full year benefit of this fast growing business in 2008.

We were active across a number of acquisitions in 2007. In addition to Finda we also acquired 50% of Eventfinder, Auckland's largest event listing site. We also acquired the remaining 50% of The Chronicle in Toowoomba in July and 100% of Simply You magazine in December.

As usual there was a significant amount of organic development during the year. Your Outdoor division was successful in a number of contract wins, including two of New Zealand's largest Outdoor advertising contracts: Christchurch International Airport and the national rail network, ONTRACK. In Australia, major wins included the Tullamarine Freeway contract in Melbourne as well as the Melbourne Street Furniture contract.

Our Australian Publishing business launched a number of new property sections as well as magazines. The Style magazine network is now complete, with 14 separate editions and 570,000 copies of the monthly lifestyle publication now distributed in every major market from Coffs Harbour to Cairns, including Brisbane and the Gold Coast.

In Radio, the Australian and New Zealand markets continued to be highly competitive with both our networks achieving revenue growth. In Australia, the last major steps in the repositioning and rebranding of the Mix "Music and Lifestyle" format is now in place with the January debut of new Breakfast Shows in Sydney, Melbourne and Adelaide. In New Zealand, The Radio Network continued to lead the radio market and increased audience share, with four of the top five stations in Auckland, the country's largest market. New stations launched were Tauranga Flava, Whangarei Coast and Nelson Radio Hauraki – which achieved number one audience share in its first survey.

Our market shares were largely improved and our circulation, readership, listenership and Online ratings were all largely positive, so we have remained focused diligently on all the key measures by which our advertisers, readers and users interact with us. We will do more of the same in the coming year.

Finally, we have a strong management team which has, once again, proved itself in testing conditions. I would like to thank them all, as well as each member of our APN staff for all of the effort that has made the year into yet another record performance.

The 2008 year has started well and is already ahead of the prior year in both Australia and New Zealand and I look forward to reporting to you further on our half year performance in August.



BRENDAN MA HOPKINS CHIEF EXECUTIVE
28 March 2008

CORPORATE SOCIAL RESPONSIBILITY

APN News & Media is an active supporter of community and social issues, both at the corporate and divisional level. Though the concept of 'Corporate Social Responsibility' (CSR) is a relatively recent one, it is only a fresh term for the local community involvement that has long been a hallmark of all of APN's operations.

The business of APN goes beyond just business. To effectively operate in its local communities, APN's divisions do more than merely participate in local philanthropy – they often become the central coordinating force behind charities and social agendas.

The participation in CSR runs the full spectrum, from supporting local sporting competitions at the grassroots 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 A\$14 million. This value excludes the advertising equivalence of the editorial articles that have promoted individual charities.

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 the curriculum.
- 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 student newspapers from secondary schools and colleges as a means of promoting literacy.
- 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 16,000 children entering nationwide.
- Radio and newspaper support across Australia and New Zealand for Breast Cancer awareness month.
- The Listener sponsors the New Zealand National Spelling Bee.

HUMANITARIAN

- The annual Adopt A Family for Christmas appeal conducted by APN's Australian regional newspapers in 2007 provided aid worth over \$750,000 to more than 2100 families in need across Queensland and northern NSW. A similar program in New Zealand also raised cash and donations of food and presents.
- The Radio Network's (TRN) New Zealand Plunket Radiothon raised \$400,000 to purchase car seats.
- TRN's 'Shave Your Lid for a Kid' campaign raised \$350,000 for the Child Cancer Foundation.
- The New Zealand Herald readers raised \$75,000 for the Auckland Cancer Society and the newspaper helped raise the profile of its ground-breaking research through a series of educational articles, which in turn led to a spike in the Society's own fund-raising returns.

COMMUNITY

- Public Service Announcements – the Australian Radio Network and The Radio Network provide free community announcements for scores of local and national charity groups. The annual value is in excess of \$5 million. Charities include: Red Cross, Bone Marrow Donor Institute, Child Flight, Cancer Council, Mothers Day Classic, the Fred Hollows Foundation, Autism New Zealand, Muscular Dystrophy New Zealand and UNICEF.
- APN's newspapers and magazines provide complimentary advertisements for a large number of local charities, including Auckland City Mission, Barnardo's and Amnesty International.
- The Herald Foundation uses the circulation power of The New Zealand Herald to support charities throughout New Zealand. In 2007, the Foundation supported four charities: KidsCan Charitable Trust, Age Concern, South Auckland Health Foundation and Preventing Violence in the Home. Each benefited from a \$50,000 advertising campaign in the Herald.
- APN Outdoor provides almost \$3 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.

CULTURE

- APN News & Media sponsors the Australian Chamber Orchestra, as well as the Auckland Philharmonia and The Radio Network sponsors the New Zealand Symphony Orchestra and the Royal New Zealand Ballet.
- The New Zealand Listener sponsors Auckland Writers and Readers Festival, Asia Pacific Awards, Air NZ Screen Awards, Chinese Association, Royal Society and the NZ Book Design Awards.
- APN Outdoor is a sponsor of the Sydney Festival and the Open Air Cinema.

CONSERVATION

- Newspapers participate in recycling programmes as well as promotes 'green' activities through our publications.
- The Radio Network promoted a Biofuel Challenge, to display the efficiency of cars utilising biofuels.

NEW ZEALAND PUBLISHING

Our Aim: To strengthen our position as the number one publisher in Auckland, in Print and Online.



The New Zealand Publishing division comprises The New Zealand Herald, The Herald on Sunday, The Aucklander community titles as well as a portfolio of best selling consumer magazines.

Together, they provide advertisers with unparalleled reach across the major Auckland marketplace.

And while the New Zealand economy was subdued in 2007, the division still grew Earnings Before Interest and Tax to record levels. Over a number of years the division has successfully implemented a portfolio strategy for its publications in Auckland, offering readers and advertisers a matrix of publications and sections that provide total market coverage. The Auckland economy produces a third of New Zealand's Gross Domestic Product and is the largest market in the country. The portfolio strategy recognises that the market can not be treated as a homogenous demographic and provides multiple avenues to reach a diverse range of consumers.

Readership for both The New Zealand Herald and The Herald on Sunday grew in 2007, outpacing the rest of the market and increasing penetration into the northern region of New Zealand. The two titles are the fastest growing paid newspapers in the country. According to the Nielsen National Readership Survey for January-December 2007, The New Zealand Herald increased readership by 3% to 585,000 readers, and The Herald on Sunday was up 6% to 345,000 readers. The Weekend Herald remains the most-read newspaper in New Zealand, with 624,000 readers. To put these results in context, 1.2 million New Zealanders will read a copy of The New Zealand Herald, The Herald on Sunday or The Aucklander in any given week. Indeed, more than three-quarters of all Aucklanders will read an APN newspaper each week. Combined with the almost 600,000 unique browsers who visit the nzherald.co.nz website each week, APN is a vital information hub in the Auckland region.

The readership results were driven by the successful development of a number of innovative editorial sections that feature throughout the week. Such sections as Viva on a Wednesday, Time Out on a Thursday, SuperSport and The Business on a Friday, and Canvas magazine in the Weekend





Herald add tremendous reader value to the daily titles and provide targeted advertising opportunities for clients.

The Herald on Sunday reached its targeted milestone of achieving profitability during the year, within three years of its launch in October 2004. It is now the most read Sunday newspaper in its heartland market of the northern region of New Zealand. Circulation is strong at more than 92,000 copies a week and the publication continues to take market share. New sections were introduced and others have been improved. Categories like property, travel and the Auckland social scene have been prime readership drivers.

New Zealand Magazines continues to attract readers with its market leading portfolio of titles. The New Zealand Woman's Weekly remains the country's most read consumer magazine, with almost 900,000 readers. The Listener added 11,000 readers during 2007 and is the highest circulating and most read current affairs magazine in New Zealand. Teen title Crème continues to perform well, with a substantial lift in advertising revenue since its acquisition by APN. The portfolio of magazines was expanded during the year with the addition of two titles, Simply You and Simply You Living. Simply You has been the leading fashion title in New Zealand for more than five years, and Simply You Living is proving a strong challenger in the prestige home interiors category. The acquisitions broaden the offering to advertisers and open up new sectors of revenue to the Group.

The Aucklander is published in seven localised editions each week and attracts almost 400,000 readers and remains an important part of the division's Auckland portfolio strategy.

Economic conditions in New Zealand moderated in 2007, continuing the trend from the previous year. However, a strong cost focus, innovative sales campaigns and new product extensions helped deliver a satisfactory outcome.

In particular, new systems and skills at the Auckland-based customer contact centre are starting to increase revenue per call from inbound classified sales, as well as enhance outbound classified sales campaigns. A number of accounts have been transitioned to telephone-based selling, improving both efficiency and profitability. New revenue streams are also opening up, particularly in trades and services.

APN's regional newspapers performed in line with expectations in challenging local market conditions. Once again, property advertising remained a cornerstone for many regional titles, particularly in the coastal areas of Whangarei and Hawke's Bay. Employment advertising also enjoyed a continuing good run, with size and frequency of advertisements increasing as potential employers cast the net wider in a tight market.

Overall classified performance was assisted by the establishment of a regional customer contact centre, employing state of the art technology. The contact centre handles inbound classified and newspaper sales and marketing calls, as well as outbound classified sales campaigns and newspaper subscription telemarketing.

Focussed cost control was also a key feature of the divisions performance in tightening regional markets.



APN AUSTRALIAN PUBLISHING

Our Aim: To be the number one regional publisher, in Print and Online, in each of our local Australian markets.



APN produces a range of Australia's top regional publications in some of the country's fastest growing markets.

With a publishing footprint that extends from the Coffs Coast in northern New South Wales all the way to Cairns in Far North Queensland, APN Australian Publishing offers the greatest reach and frequency of any publisher in the region. Its fast-growing portfolio includes 13 daily newspapers, more than 75 community publications and it is the largest regional magazine publisher in Queensland. The print publications are complemented by a growing Online presence. Together, APN's Print and Online assets provide unequalled coverage of its target markets, for readers, web users and advertisers.

All of the Group's daily titles are published in northern New South Wales and regional Queensland, where local economies continue to grow at a pace greater than that of the rest of Australia. Major road upgrades at the southern Gold Coast mean by the end of 2008, the Byron Bay and Lismore regions will be the same driving time from Brisbane as Noosa is to the north. This proximity to Queensland's largest market is expected to further boost economic growth in the southern APN region. Strong markets for the mining industry and housing construction led to good trading conditions across Queensland. Late rains also contributed to a positive medium term outlook for the farm sector. Low unemployment rates, as well as a long pipeline of government-backed infrastructure projects across Queensland, mean growth in local demand is expected to continue.

APN publications maintained market share across their regional markets over the year, with several titles recording good circulation gains. APN publishes seven of the 10 fastest growing regional titles in Australia. Continued good growth in 'sea change' regions around the Tweed Coast and the Fraser Coast helped deliver good circulation growth for local titles.

While some of the division's newspapers have been serving their communities for almost 150 years, the Group's publishing operations are also among the most modern in the world. An industry-leading production project that started in 2007 will change the way the Company's publications are sold and compiled. A single customer contact centre has been established that handles the majority of inbound and outbound classified advertising sales calls across the group. By centralising this service, advertisers can now access a unified booking system that enables them to place a classified advertisement in any APN title with just a single telephone call. Also, extra revenue is being generated by coordinated outbound sales campaigns conducted from the customer contact centre, aimed at new business development.





A unified advertising services bureau was also established during the year, offering all APN publications access to some of the best design talent in the region. The bureau offers creative agency services to all newspaper clients, covering such areas as advertising make-up, pre-press and creative. The new facility utilises the latest computer and communications technology to offer a more efficient service to advertisers. For example, real estate agent clients are now able to complete and submit advertising copy for publication via a self service web interface. As well as delivering efficiencies, it also means clients are able to better exploit later publishing deadlines.

A considerable amount of training was undertaken to prepare staff to utilise the new processes and work will continue in 2008 to fully integrate the system. The project will give APN Australian Publishing a considerable head start in providing world-leading service to its clients.

A number of strategic acquisitions were undertaken over the past 12 months, the largest of which was securing the 50% of The Chronicle in Toowoomba that APN did not already own. The acquisition included a number of non-daily community titles, including Toowoomba's Mail, the Gatton Star, Dalby Herald, Northern Downs News and Roma's Western Star. Other titles acquired during the year were the Woolgoolga Advertiser in northern New South Wales and the City News in Caloundra, on the Sunshine Coast. All these titles will boost the group's ability to service its local communities.

In line with APN's strategy to leverage the strength of its existing media brands to develop complementary assets, a series of regionally-focused gloss magazines were acquired and launched during the year. The Style magazine network is now complete, with 14 separate editions and 570,000 copies of the monthly lifestyle publication now distributed in every major market from Coffs Harbour to Cairns, including Brisbane and the Gold Coast. Equally, City Life magazine is also making strong gains in the Mackay, Townsville and Cairns markets. Advertisers and readers have embraced the concept of high quality gloss magazines produced for local markets and prospects for this business are promising.

A key component of the success of many of the new offerings to readers and advertisers has been a significant investment in new press technology across the group. The new press centre at Yandina on the Sunshine Coast is now producing more than 100 separate heatset and coldset publications each week, totaling almost 4000 pages and 3 million copies. An upgrade to colour capacity in Mackay has been completed and the construction of new press centres in Rockhampton, Toowoomba and Ballina is well advanced. This investment in enhanced print technology will serve the Group well for many years to come.



APN ONLINE

Our Aim: To be the largest in Online advertising in each of our local markets in Australia and New Zealand.



The strength of APN's media brands in their local markets is proving to be a distinct competitive advantage for APN Online as it continues to grow its suite of digital businesses in Australia and New Zealand.

The New Zealand Herald is the leading daily newspaper in New Zealand, and so too is nzherald.co.nz the country's leading news website. The Online site is attracting almost 600,000 unique browsers each week, expanding the distribution of the product to new audiences and providing a strong platform to build new revenue. With 9 million page impressions a week, the website is rapidly growing its share of display advertising. Since January 2006, monthly revenue has more than tripled as advertisers see the benefit of marketing their products in association with a respected media brand in a fast-growing, innovative medium.

Signature events such as the Rugby World Cup boosted overall traffic to the site and with the increased use of video, audio and publishing tools aimed at encouraging community engagement, traffic growth is expected to continue. The introduction of a new technology platform has provided a robust, scalable environment for continued improvements. A strategic alliance with Microsoft supplies news updates to the New Zealand MSN website, and acts as another distribution channel for the New Zealand Herald website.

APN Digital Media is one of the leading Online advertising sales networks in New Zealand. It represents more than 40 popular New Zealand websites, created by APN Online and by other publishers. APN Digital Media has been, and will continue to be, a market leader both in terms of advertising formats and sales models.

The Online division made significant progress in growing revenue from its Online extensions of existing APN media brands, as well as from other Online investments.

In Australia, a community website on the Sunshine Coast, based around the Sunshine Coast Daily, was successfully launched. Thedaily.com.au was well received by advertisers and readers, generating significant user traffic – up to a million page impressions delivered to 140,000 unique browsers a month. The division aims to establish itself as the principal news and information website in each of APN's major local centres, and build out functionality from there. Research is showing that internet users place high value on finding information that is of particular relevance to their local communities from local sites. APN is uniquely positioned to provide that service.



A series of websites based around APN's major local markets is planned for 2008 and 2009, further extending advertising market share in those regions.

As well as building revenue organically from its existing businesses, the division has also taken a number of strategic stakes in high potential companies.

APN acquired the balance of the Finda directories business in New Zealand since year-end. The site is already the most popular Online business directory in the country and, combined with the Wises Maps business, is rapidly growing revenue. Significant product innovations and extensions are planned for the website throughout 2008.

The business directory sector represents a significant advertising category in New Zealand and Finda is well placed to grow its market share. Together, Finda and Wises are attracting over 700,000 users a month which is significantly more than its competitors. A strategic alliance was formed with Google to supply business listings to the search engine's New Zealand site, further enhancing the growth prospects of the business.

APN also has strategic investments in Online holiday accommodation broker roamfree.com, as well as 50% of New Zealand entertainment listings business eventfinder.co.nz. Roamfree has more than 100,000 accommodation providers listed in its search engine and in the last two quarters of 2007 transactions through the site were up more than 200%. Eventfinder is a dynamic directory of entertainment events around New Zealand, which will integrate with the division's local websites.



RADIO

Our Aim: To be the number one Radio broadcaster 25-54 in Australia and strengthen our position as number one Radio broadcaster overall in New Zealand.



APN's Radio division is the leading broadcaster in Australasia.

With long established radio brands in Australia and market leading networks across New Zealand, the Company's more than 130 radio stations reach almost 6 million people each week. With innovative and creative programming across a broad range of formats, APN's stations deliver excellent listening for its audiences and excellent reach for its advertisers.

In Australia, the Australian Radio Network (ARN) operates 12 metropolitan stations. It has traditionally broadcast across two music streams – Classic Hits and Mix – which together cover the commercially important 25-54 demographic. And with the launch of its new Coast music stream in Adelaide, that programming has been extended to cater for a specific local audience.

Radio in Australia has always been competitive. The introduction of new stations into all major metropolitan markets in recent years has only accentuated the traditional rivalry of the medium. ARN's stations finished the year in a strong position, with good ratings gains across the 25-54 segment in the major markets of Sydney and Melbourne. Since 2002, each of ARN's main markets has seen the arrival of a new FM station and despite the increased competition for revenue, during this period ARN has maintained its overall share of advertising. This is a strong outcome in a highly competitive environment.

In the second half of 2007 a lot of work was invested in developing a fresh programming approach for 2008, particularly for the Mix network. Mix, with its skew towards women aged 25-44, has been given a new music and lifestyle position 'living the feel good life'. With the advent of iPods, digital music, and cars with 6-stacker CD players in the boot, to truly compete radio must be more relevant and compelling to its target audience and can no longer just be a jukebox. ARN has taken a lead in evolving radio programming to become more engaging for listeners. To create an environment where people are willing to dedicate their time and attention to a programme, rather than listen to their own selection of music, requires a fine balance between personalities, music, compelling content and commercials. The traditional breakfast programme is radio's equivalent to TV primetime. By establishing a strong listener following for



that programme, the audience tends to remain for the rest of the day. For example, in Sydney the new Mix 106.5 breakfast team of Sonia Kruger and Todd McKenney are proving to be a better fit for the Mix music and lifestyle audience. Both are respected performers in their own rights with strong television profiles and they bring the right mix of conversation and humour to a start-the-day programme on Mix. Also, the established breakfast team on WS-FM of Amanda Keller and Brendan Jones produces a show that is truly engaging for their slightly older, mainstream Classic Hits audience.

Considerable research was completed in 2007 to ensure ARN's programming remains relevant and compelling to its audience, and creates the best commercial environment in which advertisers can promote their products and services. How audiences access and consume entertainment is changing and ARN is committed to providing its listeners and its advertisers with the best place to enjoy each other's company. If we get the programming right, we can be platform agnostic – it doesn't matter if our audience listens in via podcast, online streaming through their PCs, over their mobile phones, through digital radio or just the traditional radio set in the kitchen ... as long as they listen to us.

In New Zealand, The Radio Network (TRN) operates more than 120 stations across more than 160 AM and FM licences, covering the entire country. TRN broadcasts programmes across eight networks: NewstalkZB, Classic Hits, ZM, Coast, Radio Hauraki, Easy Mix, Radio Sport and Flava. Together, they cover all age groups and listener tastes and offer advertisers complementary formats that provide excellent reach to clearly definable markets.

In 2007, TRN again grew its leadership in New Zealand radio, building its overall share of the national audience aged 10+ to more than 45%. In the major Auckland market, TRN operated four of the top five radio stations, including the number one talk station (NewstalkZB) and the number one



music station (Coast). And in the nation's capital Wellington, TRN stations ZM and NewstalkZB held the top two places.

In the past five years, TRN has rapidly expanded the reach of its networks, launching 31 new stations around the country. Three new stations went live in 2007: Radio Hauraki in Nelson, which went straight to the number one position in its first survey, youth station Flava in Tauranga and Coast in Whangarei. The extension of these formats into high growth regional markets will give local listeners a greater range of choice and provide advertisers with more options to target their messages.

Meanwhile, the radio industry has reached an agreement with the New Zealand Government regarding the 20-year renewal of licences, which were due to expire in 2011. This agreement will give TRN a guarantee of staying on air until 2031 and provide a firm foundation for future growth and investment.



APN OUTDOOR

Our Aim: To strengthen our position as the number one Outdoor advertising operator in Australia, New Zealand and our Asian markets.



APN Outdoor produced an outstanding result in 2007, confirming its position as Australasia's leading Outdoor Advertising business.

The division grew EBIT by 42% to \$37 million and remains the market leader in each of the four main Outdoor categories: Large Format Billboard, Transit, Street Furniture and Posters.

The Outdoor industry has exhibited a strong return to growth in recent years, particularly in Australia, and APN Outdoor is at the forefront of this dynamic sector. Together with market leading positions in New Zealand, Hong Kong, Indonesia and Malaysia, the division is well placed to build on its recent success.

The Outdoor division's strong result for 2007 came on the back of excellent contract wins over the year, including the Tullamarine Freeway contract in Melbourne, the Melbourne Street Furniture contract, Christchurch International Airport and the New Zealand Railways Corporation – the largest outdoor advertising contract in that country.

In Australia, all of APN's 100%-owned Outdoor businesses were consolidated under the APN Outdoor brand. Prominent branding for APN is now included on all Outdoor sites, further promoting public awareness of the Company. In the lifecycle of integrating the various Outdoor businesses built up by APN over the years, and with the advent of an industry audience measurement system, supporting a single brand in the marketplace rather than multiple brands is more effective and efficient. The APN Outdoor brand brings ubiquity across the market and emphasises the high quality and reach of APN Outdoor's assets.

APN has been a driving force behind the introduction of an industry standard audience measurement system, which is due to be launched in the second half of 2008. The Measurement of Outdoor Visibility and Exposure system – or MOVE – is a world-leading system that will allow media buyers and marketers to accurately determine the reach and frequency of their Outdoor advertising campaigns. This will assist the industry in more effectively competing with other media for a greater share of advertising budgets. Experience internationally has shown that similar audience measurement systems have led to significant market share gains in favour of Outdoor advertising.

The industry grew advertising revenues overall in Australia by 12.3% in 2007, the fifth consecutive year of growth. All of APN's Outdoor categories performed well, with particularly good growth in Large Format Billboards and Transit. Several innovative new formats were introduced across APN's bus and tram fleets around Australia, lifting the appeal of the medium to a broader base of marketers, such as those in fashion, luxury consumer goods and entertainment. Advertiser demand for high quality Large Format Billboards continued to grow and APN's inventory of market-leading sites in high traffic areas attracted excellent support.

APN's joint venture business Adshel improved its position as the region's market leading Street Furniture operator. Adshel operates an out of home media network of more than 12,000 illuminated advertising panels across street, tram, rail, shopping centre and airport environments in major centres in Australia and New Zealand. It is the most comprehensive network of Street Furniture in Australasia.

During the year Adshel successfully retained the Melbourne Street Furniture contract – the largest contract of its type in Australia. This has the potential to add a further 1300 bus shelters to Adshel's existing Melbourne structures, taking the total to 2900 shelters in the city. This is in addition to existing contracts with several local councils, Yarra Trams and Connex Trains. Combined with other APN Outdoor contracts across Melbourne, APN Outdoor is the clear market leader in the southern capital.

Adshel has also been at the forefront of new digital innovations in Outdoor advertising, with the rollout of bus shelter panels with inbuilt LCD screens, with which consumers can interact using their Bluetooth-enabled mobile phones. A number of campaigns have utilised the technology in conjunction with full shelter wraps, increasing the engagement between advertisers and consumers.

In New Zealand, APN Outdoor secured two of the country's largest Outdoor advertising contracts with Christchurch International Airport and the national rail network, ONTRACK. The rail contract encompasses 158 roadside billboards around New Zealand, including excellent coverage in the four largest cities. Together with the renewal of some significant transit contracts in New Zealand, this has cemented APN Outdoor as the premier Outdoor advertising business in that country.

In Asia, APN Outdoor continues to achieve good year-on-year growth, with strong progress in the Malaysian and Indonesia Large Format Billboard businesses. The standout performer was in Hong Kong, where APN's Billboard and Transit businesses recorded excellent growth.

The strong Chinese economy resulted in good growth in the Hong Kong market. The Beijing Olympics should see benefits continue to flow to APN in 2008. Buspak Hong Kong has been named the official transit advertising agent for the Olympic Equestrian events. More than a quarter of the Outdoor division's revenue is now derived from its Asian operations.

Overall, the Outdoor division produced a strong result for 2007. Significant capital expenditure has been allocated towards developing and expanding inventory still further, including plans for illumination upgrades to many high profile sites. Also, work is well underway on advances in digital technology, where some significant innovations are under development.



TEN YEAR FINANCIAL HISTORY

	2007 \$'m A-IFRS	2006 \$'m A-IFRS	2005 ¹ \$'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	1998 \$'m A-GAAP
Income statement										
Revenue ²	1,346	1,340	1,364	1,274	1,167	1,072	599	615	521	385
EBITDA ³	352	341	349	322	292	256	136	148	127	83
EBIT ⁴	315	307	309	283	238	202	116	127	109	70
Net profit	167	160	150	129	104	90	48	51	42	35
Balance sheet										
Equity excluding minority interest	1,032	930	1,005	1,010	1,286	1,205	957	388	369	351
Total assets	2,581	2,458	2,541	2,584	2,748	2,754	2,485	1,063	1,018	713
Total bank borrowings	941	749	673	646	735	807	776	282	275	265
Statistical analysis										
EBITDA/total revenue	26.2%	26.0%	25.6%	25.3%	25.0%	23.9%	22.7%	24.1%	24.5%	21.5%
Bank borrowings/EBITDA	2.7	2.2	1.9	2.0	2.5	3.2	5.7	1.9	2.2	3.2
Earnings per share – basic (cents) ⁵	34.5	34.3	31.1	27.1	22.9	20.8	18.0	19.7	16.8	14.3
Earnings per share – diluted (cents) ⁵	34.0	32.9	30.3	26.2	22.9	20.7	17.8	19.3	16.4	13.8
Dividend per share (cents) ⁵	31.5	29.7 ⁶	24.2	22.0	18.3	16.0	14.6	14.2	12.2	10.1
Dividend payout ratio	91%	90% ⁶	77%	82%	82%	78%	111% ⁷	73%	73%	72%
Interest cover based on EBITDA (times)	5.56	5.41	5.37	5.15	4.37	3.85	9.29	9.86	9.47	6.61
No. of shares on issue ('000)	489,124	460,287	477,705	482,491	472,821	438,406	429,963	252,011	245,975	240,672
No. of shareholders	12,734	14,733	15,582	16,500	15,249	13,839	12,934	10,296	9,651	9,180
Market capitalisation (\$'m)	2,579	2,785	2,293	2,485	1,891	1,337	1,479	1,119	824	578
Market price per share at 31 December	\$5.27	\$6.05	\$4.80	\$5.15	\$4.00	\$3.05	\$3.44	\$4.44	\$3.35	\$2.40

1 Adjusted for restatement to Outdoor site costs

2 Including other income and finance income

3 Profit before abnormals, interest, tax, depreciation and amortisation

4 Profit before abnormals, interest and tax

5 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

6 Includes 2006 final dividend paid 18 June 2007

7 Final dividend paid on additional capital raised to fund acquisition of Wilson & Horton Group



APN FINANCIALS 2007



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DIRECTORS' REVIEW

APN News & Media Limited and Controlled Entities

Your Directors present their review on the consolidated entity consisting of APN News & Media Limited (Company) and the entities it controlled at the end of, or during, the year ended 31 December 2007.

1. DIRECTORS

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

James Joseph Parkinson (Chairman)
Albert Edward Harris (Joint Deputy Chairman)
Wilson James Whineray (Joint Deputy Chairman)
Brendan Michael Anthony Hopkins (Chief Executive)
Sallyanne Atkinson
Donal Joseph Buggy
Pierce Patrick Cody
Peter Maxwell Cosgrove
Liam Padraig Healy
Kevin John Luscombe
John Hendrik Maasland
Anthony Cameron O'Reilly
Gavin Karl O'Reilly

2. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Company continued to buy back and cancel ordinary share capital in accordance with its previous market announcements. Since the commencement of the buy-back in June 2005, 66.2 million shares had been bought back for an aggregate price of \$333 million.

During the period, the remaining 37.8 million convertible notes issued in 2001 as part of the acquisition funding for Wilson & Horton Limited were either converted or redeemed in accordance with their terms of issue.

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

3. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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.

4. REMUNERATION SUMMARY

This Remuneration Summary is extracted from the complete Remuneration Report as included in the 2007 Annual Report.

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

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:

Name	Position	Employer
Peter Myers	Chief Financial Officer	APN News & Media Limited
Martin Simons	CEO New Zealand Publishing	APN New Zealand Limited
Bob Longwell	CEO Australian Radio	Australian Radio Network Pty Limited
Richard Herring	CEO APN Outdoor	APN Outdoor Pty Limited
Warren Lee	CEO APN Online	APN News & Media Limited
Mark Jamieson	CEO Australian Publishing	APN Newspapers Pty Ltd

Mark Jamieson was appointed CEO Australian Publishing effective July 2006.

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 short and long-term incentives. 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.

Executive pay

The executive pay and reward framework includes:

- fixed remuneration
- other remuneration-related costs
- retirement benefits
- short-term incentives
- long-term incentives

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.

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.

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. 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.

Further details regarding performance hurdles in relation to the options issued under the EDOP are included in the 2007 Annual Report.

DIRECTORS' REVIEW

APN News & Media Limited and Controlled Entities

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	2007	1,671,500	143,917	387,387	825,000	280,628	3,308,432
	2006	1,600,000	148,221	368,000	787,500	312,047	3,215,768
Non-executive Directors of APN News & Media Limited							
AE Harris	2007	150,000	–	–	–	–	150,000
	2006	150,000	–	–	–	–	150,000
WJ Whineray	2007	120,000	–	–	–	–	120,000
	2006	120,000	–	–	–	–	120,000
S Atkinson	2007	68,807	–	6,193	–	–	75,000
	2006	68,807	–	6,193	–	–	75,000
PP Cody	2007	64,220	–	5,780	–	–	70,000
	2006	64,220	–	5,780	–	–	70,000
PM Cosgrove	2007	66,045	–	5,577	–	–	71,622
	2006	68,881	–	5,719	–	–	74,600
KJ Luscombe	2007	85,000	–	–	–	–	85,000
	2006	85,000	–	–	–	–	85,000
JH Maasland	2007	82,569	–	7,431	–	–	90,000
	2006	82,569	–	7,431	–	–	90,000
AC O'Reilly	2007	64,220	–	5,780	–	–	70,000
	2006	64,220	–	5,780	–	–	70,000
Total 2007		2,372,361	143,917	418,148	825,000	280,628	4,040,054
Total 2006		2,303,697	148,221	398,903	787,500	312,047	3,950,368

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 11).

Amortised cost to the Company of options issued to Directors, as required by AASB 124

BMA Hopkins \$282,133 (2006: \$630,421).

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

BMA Hopkins \$3,590,565 (2006: \$3,846,189), AE Harris \$150,000 (2006: \$150,000), WJ Whineray \$120,000 (2006: \$120,000), S Atkinson \$75,000 (2006: \$75,000), PP Cody \$70,000 (2006: \$70,000), PM Cosgrove \$71,622 (2006: \$74,600), KJ Luscombe \$85,000 (2006: \$85,000), JH Maasland \$90,000 (2005: \$90,000) and AC O'Reilly \$70,000 (2006: \$70,000).

Total cost to Company in 2007 for all Directors was \$4,322,187 (2006: \$4,580,789).

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	2007	640,115	–	42,385	400,000	4,495	1,086,995
	2006	608,528	–	41,472	400,000	1,622	1,051,622
Martin Simons	2007	665,566	40,892	66,522	100,000	31,642	904,622
	2006	586,953	41,982	64,239	200,000	39,266	932,440
Ken Steinke ¹	2007	–	–	–	–	–	–
	2006	477,313	24,817	–	–	17,365	519,495
Mark Jamieson	2007	420,000	26,250	42,000	200,000	–	688,250
	2006	200,000	25,773	22,656	150,000	3,903	402,332
Bob Longwell	2007	390,675	115,225	–	–	56,805	562,705
	2006	384,222	115,225	–	160,000	36,000	695,447
Richard Herring	2007	458,714	–	41,286	280,000	23,652	803,652
	2006	393,288	19,554	57,798	150,000	8,261	628,901
Warren Lee	2007	512,000	–	13,000	250,000	10,500	785,500
	2006	458,715	–	41,285	250,000	10,042	760,042
Total 2007		3,087,070	182,367	205,193	1,230,000	127,094	4,831,724
Total 2006		3,109,019	227,351	227,450	1,310,000	116,459	4,990,279

¹ Resigned July 2006

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

P Myers \$80,456 (2006: \$145,589), K Steinke \$Nil (2006: (\$65,958)), M Simons \$64,364 (2006: \$105,153), M Jamieson \$18,129 (2006: \$Nil), B Longwell \$40,228 (2006: \$51,539), R Herring \$64,364 (2006: \$100,966) and W Lee \$48,058 (2006: \$24,029).

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

P Myers \$1,167,451 (2006: \$1,197,211), K Steinke \$0 (2006: \$453,537), M Simons \$968,986 (2006: \$1,037,593), M Jamieson \$706,379 (2006: \$402,332), B Longwell \$602,933 (2006: \$746,986), R Herring \$868,016 (2006: \$729,867) and W Lee \$833,558 (2006: \$784,071).

Total cost to Company in 2007 for all Relevant Executives other than the Chief Executive \$5,147,323 (2006: \$5,351,597).

DIRECTORS' REVIEW

APN News & Media Limited and Controlled Entities

Equity holdings

Year ended 31 December 2007	Shares		Options	
	Balance at start of year	Balance at end of year	Balance at start of year	Balance at end of year
Directors of APN News & Media Limited				
JJ Parkinson	100,000	100,000	–	–
AE Harris	550,956 ¹	550,956¹	–	–
WJ Whineray	–	–	–	–
BMA Hopkins	999,197	1,123,330	3,000,000	2,500,000
S Atkinson	13,022	13,022	–	–
DJ Buggy	–	–	–	–
PP Cody	105,024	105,024	–	–
PM Cosgrove	50,000	100,000	50,000	–
LP Healy	581,112	581,112	–	–
KJ Luscombe	52,976	55,876	–	–
JH Maasland	–	–	–	–
AC O'Reilly	1,000,000	1,000,000	–	–
GK O'Reilly	20,000	20,000	–	–
Total Directors	3,472,287	3,649,320	3,050,000	2,500,000
Relevant Executives				
P Myers	260,000	260,000	800,000	800,000
M Simons	–	–	940,000	695,000
K Steinke	–	–	–	–
M Jamieson	83,644	619	190,000	100,000
B Longwell	–	–	400,000	250,000
R Herring	90,000	60,000	640,000	640,000
W Lee	–	–	400,000	400,000
Total Relevant Executives	433,644	320,619	3,370,000	2,885,000

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

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 10 to the financial statements.

5. 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.

6. 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.

7. 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.



JJ Parkinson
Director



BMA Hopkins
Director

Sydney
28 March 2008

CONSOLIDATED INCOME STATEMENT

APN News & Media Limited and Controlled Entities

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 \$'000	2006 \$'000
Revenue before finance income	1	1,314,573	1,292,877
Other income	1	25,666	37,872
Expenses before finance costs		(1,031,979)	(1,028,863)
Finance income		5,982	8,784
Finance costs		(69,341)	(71,906)
Net finance costs		(63,359)	(63,122)
Share of profits of associates		6,829	4,930
Profit before income tax expense		251,730	243,694
Income tax expense		(45,723)	(45,196)
Profit from continuing operations		206,007	198,498
Net profit attributable to minority interest		(38,571)	(38,975)
Net profit attributable to members of the parent entity		167,436	159,523
		cents	cents
Basic earnings per share		34.5	34.3
Diluted earnings per share		34.0	32.9

CONSOLIDATED BALANCE SHEET

APN News & Media Limited and Controlled Entities

AS AT 31 DECEMBER 2007

	Note	2007 \$'000	2006 \$'000
Current assets			
Cash and cash equivalents		88,814	70,681
Receivables		246,380	223,702
Inventories		21,988	21,939
Tax assets		5,628	24,861
Other		29,998	28,120
Total current assets		392,808	369,303
Non-current assets			
Receivables		9,289	7,174
Other financial assets		37,334	22,696
Investments accounted for using the equity method		29,155	25,703
Property, plant and equipment		298,863	292,605
Intangible assets	4	1,813,369	1,740,614
Total non-current assets		2,188,010	2,088,792
Total assets		2,580,818	2,458,095
Current liabilities			
Payables		178,296	197,295
Derivative financial instruments		2,093	3,418
Interest bearing liabilities	5	94,768	89,414
Current tax provisions		18,941	5,299
Provisions		7,530	14,108
Total current liabilities		301,628	309,534
Non-current liabilities			
Payables		5,162	5,558
Interest bearing liabilities	5	840,905	801,593
Deferred tax liabilities		156,001	166,909
Provisions		1,352	2,159
Total non-current liabilities		1,003,420	976,219
Total liabilities		1,305,048	1,285,753
Net assets		1,275,770	1,172,342
Equity			
Contributed equity	6	916,572	817,579
Reserves		13,467	25,497
Retained profits		101,772	86,559
Total parent entity interest		1,031,811	929,635
Minority interest		243,959	242,707
Total equity		1,275,770	1,172,342

CONSOLIDATED STATEMENT OF CASH FLOWS

APN News & Media Limited and Controlled Entities

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 \$'000	2006 \$'000
Cash flows from operating activities		
Receipts from customers	1,448,208	1,434,528
Payments to suppliers and employees	(1,156,436)	(1,125,373)
Dividends received	1,277	707
Interest received	5,982	5,521
Interest paid	(71,769)	(68,161)
Income taxes paid	(15,935)	(47,587)
Net cash inflows from operating activities	211,327	199,635
Cash flows from investing activities		
Payments for property, plant and equipment	(65,596)	(60,985)
Payments for software	(2,336)	(1,488)
Construction in progress pending resale	-	(28,764)
Proceeds on sale of assets constructed for resale	-	28,764
Proceeds from sale of property, plant and equipment	29,766	30,631
Proceeds from sale of Security Printing business	-	32,100
Payment for purchase of controlled entities	-	(500)
Payments for investments	(13,618)	(4,059)
Payments for goodwill	(87,182)	(4,077)
Payments for other intangible assets	(9,019)	(9,426)
Other	2,439	(1,295)
Net cash outflows from investing activities	(145,546)	(19,099)
Cash flows from financing activities		
Loans (advanced to)/repaid by other entities	(3,698)	11,950
Proceeds from issues of shares	11,327	12,449
Share buy-back	(58,500)	(139,585)
Proceeds from borrowings	506,299	311,786
Repayments of borrowings	(311,506)	(215,525)
Proceeds from short-term construction financing	-	28,764
Repayment of short-term construction financing	-	(28,764)
Payments for borrowing costs	(140)	(1,409)
Principal repayments under finance leases	(83)	(73)
Dividends paid to shareholders	(152,223)	(117,306)
Net payments to minority interest	(37,195)	(38,152)
Net cash outflows from financing activities	(45,719)	(175,865)
Change in cash and cash equivalents	20,062	4,671
Cash and cash equivalents at beginning of the year	70,681	68,934
Effect of exchange rate changes	(1,929)	(2,924)
Cash and cash equivalents at end of the year	88,814	70,681

NOTES TO FINANCIAL STATEMENTS

APN News & Media Limited and Controlled Entities

1. REVENUE

	2007 \$'000	2006 \$'000
Advertising revenue	1,268,650	1,218,567
Revenue from sale of goods	45,923	74,310
Revenue before finance income	1,314,573	1,292,877
Dividends received – other entities	1,277	707
Net gain on disposal of property, plant and equipment	1,398	2,788
Non-recurring gain on disposal of investments and properties (refer note 2)	14,502	29,062
Rent received – other entities	1,019	757
Bad debts recovered	229	350
Other	7,241	4,208
Other income	25,666	37,872
Interest received – associates	1,028	954
Interest received – other entities	4,954	7,830
Finance income	5,982	8,784
Revenue and other income	1,346,221	1,339,533

2. NON-RECURRING ITEMS

Corporate & other – gain on disposal of investments and properties	13,397	29,062
Corporate & other – profit on sale of business	1,105	–
Corporate & other – business restructure	(13,853)	(17,616)
Corporate & other – scheme costs and other	(2,734)	–
Publishing – asset write-offs	–	(3,553)
Online establishment costs	(6,444)	(6,407)
Outdoor – business restructure and closure costs	–	(2,168)
Net non-recurring items (pre tax)	(8,529)	(682)
Minority interest	(1,727)	(1,431)
Income tax	8,285	4,178
Net non-recurring items (post tax)	(1,971)	2,065

NOTES TO FINANCIAL STATEMENTS

APN News & Media Limited and Controlled Entities

3. INCOME TAX

The Company continues to be engaged in a tax audit with the Inland Revenue Department ("IRD") in New Zealand. The Company is satisfied that its treatment of the New Zealand Masthead Licensing Agreement ("MLA") complies with all relevant legislation.

As part of the Wilson & Horton acquisition in December 2001, APN has received commercial warranties and indemnities from the vendor Independent News & Media PLC ("IN&M") including a full indemnity from IN&M covering all aspects of the MLA (including the financial benefits of the MLA).

4. INTANGIBLE ASSETS

	2007 \$'000	2006 \$'000
Goodwill	298,188	212,646
Software		
At cost	18,523	19,692
Accumulated amortisation	(12,672)	(14,049)
	5,851	5,643
Mastheads – at cost	1,097,577	1,107,385
Radio licences		
At cost	318,990	318,828
Accumulated amortisation	(10,878)	(9,230)
	308,112	309,598
Transit and outdoor advertising systems – at cost	54,713	54,713
Brands – at cost	46,946	48,739
Lease intangibles		
At cost	3,470	2,272
Accumulated amortisation	(1,488)	(382)
	1,982	1,890
Total intangible assets	1,813,369	1,740,614

Intangible assets are carried at acquisition cost to the consolidated entity. From time to time, independent valuations are carried out on certain intangible assets. Directors have, as appropriate, had regard to such valuations as part of their impairment testing. All of the Group's mastheads and radio licences have been subject to independent valuations during the preceding three years.

Directors consider that the fair value of mastheads and radio licences are significantly in excess of cost.

5. INTEREST BEARING LIABILITIES

	2007 \$'000	2006 \$'000
Current (unsecured)		
Bank loans	94,717	89,364
Current (secured)		
Lease liabilities	51	50
Total current interest bearing liabilities	94,768	89,414
Non-current		
Bank loans – unsecured	845,833	659,430
Convertible notes – unsecured	–	149,185
Lease liabilities – secured	4	95
	845,837	808,710
Deduct		
Borrowing costs	18,121	23,354
Accumulated amortisation	(13,189)	(16,237)
Net borrowing costs	4,932	7,117
Total non-current interest bearing liabilities	840,905	801,593

APN's funding arrangements involve the repayment during 2008 of NZ\$81.8m of loans from Cedar Hill International Corporation. APN's existing lines of credit are in place to meet these obligations.

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

Convertibles notes

During the period the remaining 37,768,396 convertible notes issued in 2001 as part of the acquisition funding for Wilson & Horton Limited were either converted into ordinary shares in the Company or redeemed for \$3.95 (plus accrued interest) per convertible note in accordance with the terms of issue of the convertible notes and the Company's notice of early redemption event dated 12 February 2007.

NOTES TO FINANCIAL STATEMENTS

APN News & Media Limited and Controlled Entities

6. CONTRIBUTED EQUITY

	2007 \$'000	2006 \$'000
Issued and paid up share capital	916,572	817,579

(a) Movements in contributed equity during the financial year

Date	Details	Number of shares	Issue price	\$'000
1 January 2007	Opening balance	460,286,604		817,579
30 March 2007	Conversion of notes	18,747,679	\$3.95	74,053
30 April 2007	Conversion of notes	18,256,297	\$3.95	72,113
Various	EDOP issues	3,048,207	(i)	11,327
Various	Share buy-back	(11,214,407)	(ii)	(58,500)
31 December 2007	Closing balance	489,124,380		916,572

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

(ii) Share buy-back continued during the year at prices ranging from \$4.99 to \$5.49 per share

(b) 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
22 July 2002	3.54	487,200	–	(487,200)	–	–
24 May 2003	3.34	891,511	–	(504,510)	–	387,001
29 April 2004	3.85	5,251,497	–	(2,056,497)	(150,000)	3,045,000
30 September 2004	4.53	100,000	–	–	–	100,000
2 May 2006	5.02	8,585,000	–	–	(705,000)	7,880,000
		15,315,208	–	(3,048,207)	(855,000)	11,412,001

In respect of options issued during 2006, the performance hurdles cannot first be tested until the audited accounts for the 2008 financial year have been finalised. Options granted prior to 2006 have satisfied the relevant performance criteria.

7. DIVIDENDS

	2007 \$'000	2006 \$'000
Unfranked final dividend for the year ended 31 December 2006 of 20.0 cents per share, paid on 18 June 2007 (2006: 15.4 cents per share franked to 4.62 cents per share)	99,777	72,816
Unfranked interim dividend for the year ended 31 December 2007 of 10.5 cents per share, paid on 27 September 2007 (2006: 9.7 cents per share franked to 2.91 cents per share)	52,446	44,490
Total dividends	152,223	117,306

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final ordinary dividend of \$102.7 million (21.0 cents per share) to be paid on 24 April 2008 for the year ended 31 December 2007

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 profits and tax refunds due	2,170	3,488
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8. 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 2007, the facilities had been drawn to the extent of \$863,991,763 (2006: \$597,614,820). A standby letter of credit has been issued to Cedar Hill International Corporation, a subsidiary of JPMorgan Chase, on behalf of the consolidated entity to a maximum value of NZ\$96,062,183 (2006: NZ\$188,996,726) to support the masthead financing liability arising on the acquisition of Wilson & Horton Limited. As at 31 December 2007, no claims have been made against the standby letter of credit.

The parent entity and some wholly-owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of \$60,000,000 (2006: \$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.

NOTES TO FINANCIAL STATEMENTS

APN News & Media Limited and Controlled Entities

9. SEGMENT INFORMATION

	2007 \$'000	2006 \$'000
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	788,323	755,373
Broadcasting	256,994	254,591
Outdoor	268,806	247,410
Corporate & other	58	4,001
	1,314,181	1,261,375
Revenue from operations closed/sold during the period		
Publishing	392	7,213
Outdoor	–	811
Corporate & other	–	23,478
	1,314,573	1,292,877
Segment revenues including operations closed/sold during the period		
Other income	25,666	37,872
Finance income	5,982	8,784
	1,346,221	1,339,533
Segment results (before interest and income tax)		
Publishing	213,026	208,548
Broadcasting	84,900	82,932
Outdoor (including share of profits of associates)	37,017	26,162
Corporate & other	(10,649)	(12,503)
	324,294	305,139
Result from operations closed/sold during the period		
Publishing	(676)	(482)
Outdoor	–	(36)
Corporate & other	–	2,877
	323,618	307,498
Non-recurring items		
Corporate & other – gain on disposal of investments and properties	13,397	29,062
Corporate & other – profit sale of business	1,105	–
Corporate & other – business restructure	(13,853)	(17,616)
Corporate & other – scheme costs and other	(2,734)	–
Publishing – asset write-offs	–	(3,553)
Online establishment costs	(6,444)	(6,407)
Outdoor – business restructure and closure costs	–	(2,168)
	(8,529)	(682)
Profit from continuing operations before interest and tax		
	315,089	306,816
Net finance costs	(63,359)	(63,122)
Profit before income tax expense	251,730	243,694
Income tax expense	(45,723)	(45,196)
	206,007	198,498

9. SEGMENT INFORMATION

	2007 \$'000	2006 \$'000
Segment assets		
Publishing	1,478,471	1,373,799
Broadcasting	578,496	565,486
Outdoor	400,479	382,152
Corporate & other	123,372	136,658
	2,580,818	2,458,095
Segment liabilities		
Publishing	334,305	434,685
Broadcasting	64,737	53,834
Outdoor	169,822	169,254
Corporate & other	736,184	627,980
	1,305,048	1,285,753
Secondary segments – geographic		
Revenue from external customers		
Australia	621,804	588,750
New Zealand	619,234	633,967
Asia	73,535	70,160
	1,314,573	1,292,877
Segment results (before interest and income tax)		
Australia	170,685	154,614
New Zealand	145,783	144,655
Asia	7,826	5,870
Segment result excluding operations closed/sold during the period	324,294	305,139
Result from operations closed/sold during the period		
Australia	50	(860)
New Zealand	(726)	3,219
Segment result including operations closed/sold during the period	323,618	307,498
Non-recurring items		
Australia – gain on disposal of investments and properties	2,133	4,998
Australia – restructure costs and asset write-offs	(14,782)	(14,260)
New Zealand – gain on disposal of investments and properties	12,370	24,064
New Zealand – restructure costs	(8,250)	(14,885)
Asia – restructure costs	–	(599)
	(8,529)	(682)
Profit from continuing operations before interest and tax	315,089	306,816
Segment assets		
Australia	1,036,268	897,715
New Zealand	1,496,227	1,509,395
Asia	48,323	50,985
	2,580,818	2,458,095

NOTES TO FINANCIAL STATEMENTS

APN News & Media Limited and Controlled Entities

10. RELATED PARTY INFORMATION

Directors and Relevant Executives

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:

Name	Position	Employer
Peter Myers	Chief Financial Officer	APN News & Media Limited
Martin Simons	CEO New Zealand Publishing	APN New Zealand Limited
Mark Jamieson	CEO Australian Publishing	APN Newspapers Pty Ltd
Bob Longwell	CEO Australian Radio	Australian Radio Network Pty Limited
Richard Herring	CEO APN Outdoor	APN Outdoor Pty Limited
Warren Lee	CEO APN Online	APN News & Media Limited

Mark Jamieson was appointed CEO Australian Publishing July 2006.

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
2007	\$8,248,436	\$623,341	\$597,732	\$9,469,509
2006	\$8,314,294	\$626,353	\$991,739	\$9,932,386

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

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	2007 \$'000	2006 \$'000
Loan interest received	Associates ⁽ⁱ⁾	1,028	954
Dividends paid	Other related parties ⁽ⁱⁱ⁾	58,420	48,077
Independent News & Media fees	Other related party ⁽ⁱⁱⁱ⁾	1,115	1,115
Management fees receivable	Associates ^(iv)	799	545

The above transactions were made on commercial terms and conditions and at market rates except where indicated.

(i) These loans are subject to interest.

(ii) Dividends paid to Independent News & Media (Australia) Limited and News & Media NZ Limited.

(iii) 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.

(iv) Management fees received/receivable from Associates.

11. RECLASSIFICATIONS

(a) Associates

The method of presentation of associates has changed whereby the relevant share of associates' profit after tax is included within share of profits of associates and segment results. Comparative amounts have been adjusted to reflect this change. This change in disclosure has no impact on net profit for the periods.

(b) Deferred taxes

The method of presentation of deferred taxes has changed whereby deferred tax liabilities are shown net of deferred tax assets. Comparative amounts have been adjusted to reflect this change. This change in disclosure has no impact on either earnings or cash flows.

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 5 March 2008:

Name	Number of shares
Independent News & Media (Australia) Limited	131,541,073
News & Media NZ Limited	60,000,000
Perpetual Limited	71,494,764
Maple-Brown Abbott Limited	37,453,140
452 Capital Pty Limited	34,534,464
Commonwealth Bank of Australia	41,217,125

(b) Top 20 holders of fully paid ordinary shares at 5 March 2008

Name	Number of shares	% of total shares
Independent News & Media (Australia) Limited	131,541,073	26.89%
RBC Global Services Australia Nominees Pty Limited	60,166,382	12.30%
News & Media NZ Limited	60,000,000	12.27%
Chase Manhattan Nominees Ltd	35,902,155	7.34%
Invia Custodian Pty Limited	34,035,505	6.96%
Citicorp Nominees Pty Limited	15,481,676	3.16%
HSBC Custody Nominees (Australia) Limited	11,833,403	2.42%
Australian Foundation Investment Company Limited	10,479,455	2.14%
Cogent Nominees Pty Limited	9,366,302	1.91%
Citicorp Nominees Pty Limited	6,208,376	1.27%
ANZ Nominees Limited (Cash Income a/c)	6,175,886	1.26%
UBS Nominees Pty Ltd	5,757,050	1.18%
Australian Reward Investment Alliance	5,685,628	1.16%
Argo Investments Limited	3,361,844	0.69%
Citicorp Nominees Pty Limited (CFSIL CFSWS GEAR 452 AU a/c)	2,126,487	0.43%
New Zealand Central Securities Depository Limited	1,927,459	0.39%
Djerriwarrh Investments Limited	1,919,429	0.39%
Citicorp Nominees Pty Limited (CFSIL CWLTH SML COS 3 a/c)	1,373,692	0.28%
Peter Isaacson Nominees Pty Ltd	1,355,556	0.28%
Milton Corporation Limited	1,263,188	0.26%
Total	405,960,546	82.98%

(c) Analysis of individual ordinary shareholdings as at 5 March 2008

Holding	Number of shareholders	% of total	Number of shares	% of issued capital
1-1,000	2,663	21.41%	1,305,766	0.27%
1,001-5,000	6,294	50.59%	17,245,433	3.53%
5,001-10,000	2,069	16.63%	14,981,176	3.06%
10,001-100,000	1,318	10.59%	28,621,316	5.85%
100,001 and over	97	0.78%	427,000,681	87.29%
Total holdings	12,441	100.00%	489,154,372	100.00%

There were 360 holders of less than a marketable parcel.

INFORMATION ON SHAREHOLDERS

APN News & Media Limited and Controlled Entities

(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 5 March 2008

Holding	Number of optionholders	% of total	Number of options	% of total options
1-1,000	–	–	–	–
1,001-5,000	1	1.19%	4,510	0.04%
5,001-10,000	–	–	–	–
10,001-100,000	66	78.57%	3,445,000	30.27%
100,001 and over	17	20.24%	7,932,491	69.69%
Total holdings	84	100.00%	11,382,001	100.00%

3. DIRECTORS' INTERESTS

The relevant interest of each Director in the securities of the parent entity as at 5 March 2008 is:

Director	Number of shares	Number of options
JJ Parkinson	100,000	–
AE Harris	580,956	–
WJ Whineray	–	–
BMA Hopkins	1,223,330	2,500,000
S Atkinson	13,022	–
DJ Buggy	–	–
PP Cody	105,024	–
PM Cosgrove	100,000	–
LP Healy	581,112	–
KJ Luscombe	55,876	–
JH Maasland	–	–
AC O'Reilly	1,000,000	–
GK O'Reilly	20,000	–

SHAREHOLDER INFORMATION

APN News & Media Limited and Controlled Entities

STOCK EXCHANGE LISTING

APN News & Media Limited shares are listed on the Australian Stock 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.

INVESTOR INFORMATION

The Annual Report is the most comprehensive publication with information for investors. Copies of the 2007 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

JJ Parkinson (Chairman)
AE Harris (Joint Deputy Chairman)
Sir WJ Whineray (Joint Deputy Chairman)
BMA Hopkins (Chief Executive)
S Atkinson
DJ Buggy
PP Cody
PM Cosgrove
LP Healy
KJ Luscombe
JH Maasland
AC O'Reilly
GK 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

Relationship of the Shareholder Review to the Full Financial Report

The shareholder review is an extract from the full financial report for the year ended 31 December 2007. The financial statements and specific disclosures included in the shareholder review have been derived from the full financial report.

The shareholder review cannot be expected to provide as full an understanding for the financial performance, financial position and financing and investing activities of APN News & Media Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Please call 1300 553 550 (within Australia), 09 375 5998 (within NZ) or +61 2 8280 7111 (outside Australia/New Zealand) and a copy will be forwarded to you. Alternatively, you can access both the full financial report and the shareholder review via the internet on our website : www.apn.com.au

APN News & Media Limited (ABN 95 008 637 643) is a company limited by shares, incorporated and domiciled in Australia.

Notice is hereby given that the Annual General Meeting of members of APN News & Media Limited will be held at The Four Seasons Hotel, 199 George Street, Sydney, NSW on Tuesday, 6 May 2008 at 11.00am.

