

APN SHAREHOLDER REVIEW 2009



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APN NEWS & MEDIA 2010 FINANCIAL CALENDAR

2009 Annual Result announced	23 February 2010
Record date for final dividend	9 March 2010
Final dividend payable	30 March 2010
Annual General Meeting	
2010 Half-year result announced	18 August 2010*
Interim dividend payable	28 September 2010*

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

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DELIVERING A WORLD-CLASS PORTFOLIO OF MULTIMEDIA BRANDS TO NATIONAL AND LOCAL COMMUNITIES

APN News & Media continues to operate an enviable inventory of quality media assets across a range of national and local markets.

Our capacity to derive revenue from a variety of well-managed businesses across high growth markets in four countries sets us apart from most media companies, as does our aim to be the local market leader in each of our operations.

In a year when all sectors felt the effects of the financial crisis, APN's strong cost management performance across the group allowed us to soften the full impact of the economic slowdown and produce the best possible result for shareholders under exceptional circumstances which effected every one of our markets.

APN's unique ability to capitalise on its diverse multimedia platform, combined with the recent improvement in trading conditions, means the Company's publishing, radio, online and outdoor assets are ideally positioned to take advantage of the expected market recovery.

2009 HIGHLIGHTS

APN News & Media Limited reported a Net Profit After Tax before exceptional items and discontinued operations of \$94.2 million.

The Directors have declared a fully franked final dividend of 4 cents per share.

2009 FULL YEAR RESULT (pre-exceptionals and discontinued operations)

(AUD millions)	2009	2008	Change
Underlying revenue*	1,030.7	1,193.4	(12%)
EBITDA (Earnings before interest, tax, depreciation and amortisation)	230.2	320.8	(28%)
Net profit after tax	94.2	143.1	(34%)
Diluted earnings per share	17.0 cents	28.3 cents	(40%)
Net profit/(loss) after exceptional items	92.6	(24.0)	

*excludes finance and other income

CHAIRMAN'S REVIEW



"Annus horribilus" is probably becoming an overused moniker for 2009, however it is difficult to think of another phrase that so aptly describes the dramatic effect of market turbulence – both global and local – in the past year on our business.

In my second report to you as Chairman of APN News & Media, the one comfort that I can share with you is that being a part of an Australasian company compares favourably to anywhere else in the world – and particularly in media. Yes, we certainly faced great challenges and much weaker revenues in 2009, but in a relative and underlying sense, the Australian economy fared well and New Zealand – though facing a more difficult economic environment than Australia – began to see an improving trend towards the end of the year.

That said, full-year revenue declines were common to all of our businesses and, indeed, to all media businesses in Australasia and worldwide, and yet, despite this, the Company's final financial results for 2009 were in line with guidance provided to investors. Progress was recorded, despite a challenging revenue backdrop: meaningful cost reductions across all of the business units and progress in implementing a new and innovative multimedia sales strategy are among the achievements of note for the year.

Yet it must be observed that this was still an unbelievably tough year for your Company; the first half saw revenues fall 17% and profitability halve from the 2008 year. Across the group, 2009 Net Profit After Tax before exceptional items and discontinued businesses was \$94.2 million, while revenue reached \$1.03 billion. As mentioned, those figures were in line with guidance and, given the myriad of economic factors affecting so many of our customers and clients, we believe this to be a very creditable performance. Of particular significance was a reduction of \$78 million, or 8%, in costs over the past 12 months that helped the company to mitigate the full effects of the economic slowdown.

Early in 2009, as uncertainty in global financial and credit markets continued, your Board determined that it should be prepared and ready to raise additional capital to ensure that – no matter what conditions evolved – APN always had sufficient capital to ensure adequate financial and operational flexibility. Accordingly in May, the Company successfully raised \$100 million, and I thank you shareholders for your ongoing support and commitment.

The above capital addition – allied to the generally tougher trading conditions APN experienced during 2009 – meant the Board decided not to pay an interim dividend. While the second half of the year saw an improving revenue and profit trend, it was a decidedly slow upturn. Happily, the 2010 year has started off better and as a result, your Board was able to resume the payment of a modest dividend payable at the end of March with a fully franked final dividend of 4 cents per share for shareholders. In the near term, we remain committed to improving our key credit metrics and, thus, expect to maintain a conservative dividend payout ratio. As ever, future dividend payments will take account of the prevailing climate of capital markets, advertising conditions and our broader capital requirements.

In a year when the global slowdown unwittingly forced a reassessment of so many business models, it is pleasing to report that APN continues to focus on its core strength – that of being

the leading, multimedia operator in each of its local markets. And now, as we experience the early stages of recovery in each of our markets, it is these unique, market-leading positions that will, over time, restore profitability back to previous levels and move the company on to even greater heights of shareholder returns.

Adding to this confidence is APN's ability to offer its clients multimedia sales packages courtesy of our world-class Publishing, Radio and Outdoor assets, which in turn are integrated with and supported by a first-class Online offering, that is now a crucial component of each of our business divisions. Ongoing training is occurring to further improve our sales effectiveness as we broaden our product offerings via our cross-platform model.

At the time of issuing the full-year results on 23 February, your Directors noted the improvement in recent trading, and forecasted that 2010 would be a better year, noting that APN remains a leading, diversified media company, operating in some of the most attractive markets in one of the world's best-performing economic areas. As such, your Directors believe that – especially when combined with its lower fixed-cost base and consistently high operating leverage – APN is very well placed to take advantage of the recovery in our markets.

There are clear grounds for confidence with Australian commodity markets regaining strength on the back of improved orders from a resource-hungry China, which in turn should feed advertising growth in a Queensland economy that is so pivotal to APN's continuing success. Although the New Zealand economy has been less robust over the past year, APN New Zealand's trading results did improve in the fourth quarter of 2009, and early growth in advertising revenue, notably from retail and national clients, points to a stronger year in 2010.

So, in conclusion, it does appear that our markets are finally beginning to move on in a positive sense from the extraordinary events of 2009. I believe that this trend, allied to an innovative revenue focus and an ever vigilant cost management culture, will permit APN to produce improved results for you, the shareholders, and I look forward to updating you all at the forthcoming Annual General Meeting with the progress of the recovery in our revenue base.

On behalf of the Board, I would like to extend my thanks to my fellow Directors, to our Chief Executive, Brendan Hopkins, and to all of our managers and staff colleagues, who have – again – exhibited great effort, flair and determination in what was a most challenging 2009.

Finally, to you, our shareholders, I wish to thank you for your continued support.

Gavin K O'Reilly Chairman 26 March 2010

CHIEF EXECUTIVE'S REVIEW



The year 2009 is one most of us would like to forget. A year the likes of which APN has never experienced before, with underlying revenue declines of 12% across APN News & Media's diverse businesses.

However, it is essential that we learn from our experiences over the past 12 months and keep our business models sharply in focus as markets move into a recovery phase. Revenue growth is already being seen in most of our markets, albeit at modest levels at present.

The results for the year under review show that APN's net profit before interest, tax, depreciation and amortisation (EBITDA) was \$230 million. Although in line with market expectations, it was a very disappointing result when compared with the \$321 million achieved in 2008.

APN's spread of market-leading products across a range of diverse geographic markets would normally have insulated our Company from the worst impact of the global slowdown, however, for the first time since listing on the Australian Stock Exchange in 1992, all of our markets were affected.

At the end of 2008 we had started to see our local economies slowing, a slowdown that was accentuated during the first half of 2009. Double-digit percentage declines in advertising revenues were experienced in Australia and New Zealand. Your management team responded quickly, and cost-saving measures were implemented to ensure we achieved the best possible result given the extraordinary circumstances in which we found ourselves. These savings were in addition to the annualised additional cost benefits of the restructuring programme that we completed at the end of 2008.

Total costs for the year were down 8%, a critical achievement in a year when revenue declines were so difficult to manage and predict. Thankfully, the fourth quarter saw a return to more normal patterns of trading.

Let us examine our divisions in more detail. In Australia, Regional Publishing saw revenues fall 11% during the period, but this improved to 8% below in the second half and 2% in the fourth quarter. We strengthened the division's management team during the year and signed a new long-term newsprint supply deal capping future increases. The press and pre-press system upgrades from the prior year enabled APN to improve its product quality and attract a number of new print contracts during the year.

Other initiatives highlight APN's innovative approach to strengthen our growing online presence. Our aim is to become the leading multimedia player in each of our local markets. We continue to develop cross-platform sales opportunities through integrated sales teams. A new customer revenue management (CRM) system was introduced during the year to enable us to better manage this integration.

Each of our Publishing titles now has a fast growing and content rich online presence and we are increasingly leveraging customer revenue growth opportunities through in-paper and online offerings. This includes the recent announcement of an alliance with Fairfax Media enabling us to offer our clients the ability to access national online audiences for property, cars and jobs when to date we have only been able to offer regional coverage.

Finda.com.au, our local community portal being rolled out across our Australian regional centres, is currently on offer in Toowoomba and the Sunshine Coast and continued to gain support during the year and increasingly offers a hyper-local user experience featuring rich, community sourced content. We will continue to extend Finda's reach and coverage in the coming year.

Outdoor and Radio in Australia experienced revenue falls. However, metropolitan radio, in which APN holds the number two position through its Mix and Classic Hits formats, fared the best of all the media markets, declining only 2.4% against the 2008 year. Outdoor, on the other hand, fell 12%, to be one of the hardesthit markets. The result is not surprising considering the absence of financial, travel and motoring advertisers for much of the year.

Notwithstanding such results, important steps have been taken over the past year that we believe will benefit the Outdoor and Radio divisions. The MOVE system – Measurement of Outdoor Visibility and Exposure – which measures the audience of each of the industry's individual advertising panels, was introduced in February 2010 and will transform measurement, accountability and advertiser confidence in the sector. APN is confident this initiative will help this advertising sector get back to the strong market conditions we experienced in 2008. In Radio, we strengthened our management team at the end of the year with the appointment of a new CEO. Outdoor and Radio are expected to end the first quarter positively against the same period in 2009.

In New Zealand, APN is the country's largest media company. Our Publishing business experienced weak market conditions, with revenues on a local currency basis falling 15% for the year as a whole. In the second half, New Zealand Publishing improved its national and retail advertising market share from other main media at a time when costs for the year as a whole fell 12%, a world-class performance.

The New Zealand Herald maintained its readership during the year – the critical measure for our advertisers – and the Herald on Sunday strengthened its advertising revenues and its circulation. The Sunday title, launched in October 2004, is now profitable and we expect the title to continue to grow strongly in the year ahead.

Our nzherald.co.nz website remains the number one online news site in the country and also increased its profitability during the year. Mobile content is, we believe, a major growth opportunity for your Company in the future and it is significant that subscribers accessing Herald content via their mobile phones grew to 40,000 during the year. Almost 40% of Herald online users come from overseas, another major opportunity for us to charge for online content in the future.

Sella.co.nz, our free auction model, grew quickly during the period and we now have more than 450,000 unique users of this free auction site every week. We are now expanding our 'freemium' approach to homes, cars and jobs whereby advertisers may list for free and then pay to prioritise their listing. We plan to introduce this facility throughout each of our local markets.

The Radio Network, New Zealand's largest operator, also experienced challenging market conditions along with our Outdoor and Regional Publishing businesses. Management maintained a strong focus on cost management, and solid reductions were achieved across all of the businesses during the period.

More details about the performances of each of the businesses can be found in this report.

All indications are that 2010 will be a better trading year. Forward bookings suggest an improved revenue performance and this, coupled with APN's high operating leverage and ongoing tight cost controls, gives us confidence the year will deliver a better result for shareholders.

We continue to believe that APN's leading portfolio of multimedia brands in each of our local markets places your Company in an optimal position to benefit from the revenue improvement that we are starting to experience.

A strong management team is in place, and I would like to pay tribute to all of our staff for their dedication and commitment over the past 12 months. Although 2009 was a tough year for us all, I am certain we have all learned from our experiences.

The outlook for 2010 is more positive, with forward bookings for April, in particular, comfortably ahead of the prior year. We look forward to the year ahead with optimism and expect to report improved results to you all as the year progresses.

Brendan MA Hopkins Chief Executive 26 March 2010



AUSTRALIA

APN News & Media communicates with millions of Australians every day courtesy of its market-leading Publishing, Radio, Online and Outdoor properties.

Through our informative daily newspapers in Australia's principal regional cities such as Rockhampton, Toowoomba and Lismore, together with our dynamic metropolitan radio stations and eyecatching outdoor advertising sites, we deliver quality content and great access to a diverse, growing demographic within the national market.

APN has a significant presence in all major metropolitan markets and, in addition, the high-growth areas of regional Queensland and the northern New South Wales coastal belt. This unique coverage means APN has extensive, unrivalled reach into metropolitan, regional and local communities.

It is this particular strength in local markets that provides exciting multimedia opportunities for advertisers and enables us to broaden our future revenue streams. Building on successes over the past year, management is committed to increasingly introducing new cross-platform product opportunities to each of our markets.

Like many sectors, the Australian media industry experienced challenging conditions in 2009 and APN's markets were not immune. However, effective cost management and targeted sales campaigns cushioned the business from the full effects of the global financial crisis. Initial trading trends in 2010 indicate the business is beginning to return to more normal patterns that existed prior to the financial crisis.

APN AUSTRALIAN PUBLISHING operates 14 regional daily newspapers, 60 non-daily and community titles and publishes several magazines. Combined with a fast-growing and integrated online presence, these media assets provide unequalled coverage

of our target markets for readers, internet users and advertisers. Extending from the Coffs Coast in northern New South Wales to Cairns in Far North Queensland, the group's stable of daily, community and lifestyle publications has an unmatched connection with high-growth regional markets.

The portfolio reaches 1.1 million regional consumers every week, delivering penetration of 67% across APN's primary market. Our 14 dailies are read by more than 375,000 on weekdays and over 475,000 every Saturday, and are the leading daily newspapers across each of our key regional markets. Trusted brands, authoritative local content and unique connections with our advertisers and readers are our key strengths and the lifeblood of our operations.

The strength of APN's relationship with local advertisers and readers was clearly evident during 2009. In the face of the sharp downturn in the Queensland economy, driven by the global financial crisis and its effects on local industries, especially resources, our retail advertising revenues remained resilient.

Local retail revenues were down only marginally on the previous year and, indeed, strengthened during the final quarter. The impact on employment and real estate classified advertising was, however, significantly more pronounced as organisations reduced hiring activity and the property market went into retreat. The resilience in local retail advertising and circulation revenues was not enough to offset the falls in these transactional classified pillars, in what proved to be the most challenging market conditions ever encountered.



The full impact of the revenue decline was reduced by strong cost management. The centralisation of key functions over the last few years – including advertising production, call centres and editorial sub-editing – combined with tight control of headcount and all discretionary expenditure, resulted in total costs in Australian Publishing reducing by 5% on the previous year (excluding Online costs). This represents a significant achievement in such a geographically distributed business.

APN's printing operations remain a strong asset, with the state-of-the-art press centre at Yandina on the Sunshine Coast being complemented by first-class facilities at centres in Ballina, Toowoomba, Rockhampton, Bundaberg and Mackay. Our investments in press technology continue to lift the quality of publications and have attracted several new print contracts, while the successful negotiation of a long-term newsprint deal will deliver solid cost savings in the future.

A strengthened senior management publishing team is well positioned to maintain current market leadership while broadening our product offering through a multimedia strategy incorporating publishing and online initiatives in particular. To that end, significant sales training is under way to promote cross-platform selling. This will, in turn, enhance our advertising offering to the market and increase our local multimedia reach. APN's partnership with Fairfax Media to sell classified advertising through its national Domain, MyCareer and Drive websites is a prime example of such market potential.

There are signs that Australian Publishing will benefit from the economic recovery through 2010. Commodity markets are responding to improved orders from China, and local economies are showing signs of recovery as new mining ventures embark on a recruitment phase. The division has delivered modest advertising growth in the early part of 2010, as employment, real





estate and other classified revenues begin to recover from the lows of last year. Regardless of the improving outlook, strong cost management will remain a focus for management, in order to maximise the impact of the revenue improvement.

APN ONLINE is an integral component of our strategy to become the leader in online revenues in each of our local markets across northern New South Wales and regional Queensland. There is a significant opportunity for APN to leverage its relationships with advertisers and unparalleled local content capabilities into the online and digital environment. Consumers in regional markets are increasingly seeking local information online, and advertisers are demonstrating a growing willingness to embrace an integrated approach across printed and digital products.

Online expansion of APN brands in existing local markets is a critical part of management's plan to increase overall advertising market share. Twin channels to market – Publishing and Online – create a significant and unique opportunity in these markets. A new customer relationship management (CRM) system is aiding sales and supports a multi-product approach.



Local and national advertisers are also supporting the fast-growing Regional News Network online sites, while we are developing our local Finda community websites that deliver breadth and depth of local content and offer an opportunity to expand audiences and revenue.

APN is committed to introducing new online product opportunities through our own initiatives and via partnerships. Demonstrating this point is the alliance with Fairfax Media to become an exclusive reseller of property, car and employment classified advertising in our Australian markets. This model allows advertisers to work with trusted APN brands while also buying into world-class digital platforms to extend their advertising reach.

THE AUSTRALIAN RADIO NETWORK (ARN), owned in partnership with Clear Channel, is a major radio player in a highly competitive market. ARN broadcasts across 12 metropolitan FM and AM stations on two networks, Classic Hits and Mix, and reaches in excess of 4 million listeners across Australia each week.

The radio industry in Australia proved to be the most resilient of the major media formats in 2009, with revenues falling just 2.4% in APN's markets. Reflecting cost-management initiatives across the group, ARN costs were down 3.5%.

Overall ratings in 2009 were steady, and finished ahead at the end of the year in the commercially important Sydney market. The network is delivering strong revenue results in its target audience of listeners aged 25-54. Direct advertising remains a strength, with ARN improving its share of this market during the year. Agency share is a key focus of a restructured management team.

After an extensive international search, a new Chief Executive was appointed to ARN, bringing a high level of overseas radio experience and extensive international knowledge to the business. Management has since moved quickly to reinvigorate the Mix music format and reinforce the brand power of the Classic Hits network. New breakfast teams have been introduced for Mix in Sydney and Melbourne. The format has been repositioned to attract a slightly younger audience and we are confident the changes will draw more listeners as the year progresses.

Following the lead of European and American markets, digital radio has been launched in Australia. ARN is exploring opportunities to broaden our audience reach through Australian digital platforms. We strongly embrace this new form of transmission and believe it will expand choices for listeners and advertisers as the medium becomes more accepted in the community. The network's investment in digital radio reflects our conviction that it will become a major part of radio broadcasting in Australia.

Online initiatives linked to our radio stations are a strategic means of further promoting ARN brands through off-air channels. Delivering clear sales and programming benefits, they extend the promotional opportunities of stations and broaden the brand experience for advertisers and listeners as they take advantage of features such as video and podcasting.

Revamped online sites are being rolled out and cross-platform sales training is occurring throughout the network. There has already been satisfying client support for a number of integrated radio and online campaigns.

APN OUTDOOR has maintained its market leadership position in Australia in the face of tough trading conditions. As the major player in each of the main outdoor advertising categories – large format, posters, transit and street furniture (the latter through Adshel, a partnership with Clear Channel) – our extensive reach and industry-leading expertise combine to deliver excellent results for advertisers.

APN Outdoor has a portfolio of 2,200 large-format billboard and poster sites spanning major arterials, motorways and local communities, while more than 32,000 transit advertising panels engage consumers in metropolitan markets. We are also the leading supplier of bus format advertising in Australia's five major cities.

While the outdoor advertising market contracted appreciably in 2009, APN's strong cost management helped offset the fall in revenue and the division is now well placed to benefit from a market recovery.

APN has been instrumental in the development of a major audience measurement initiative that will have a long-term, positive impact on the outdoor format. The launch of MOVE (Measurement of Outdoor Visibility and Exposure) in February gives the medium greater accountability through accurate third-party audience measurement. In turn, this will provide advertisers with increased confidence when choosing outdoor campaigns.

MOVE will measure 60,000 panels across Australia and supply advertisers with detailed audience data upon which to plan their campaigns. APN's role in MOVE underlines its leadership role in the sector and we are confident this measurement system will attract additional advertising as existing and new clients gain confidence from the greater accountability of the format.

Looking ahead, management expects a stronger year in 2010. Outdoor bookings in the fourth quarter moved back to more normal trading patterns, and the return of traditional clients in motoring, telecommunications and finance in the first quarter of 2010 has been encouraging.



NEW ZEALAND

APN News & Media brands are without peer in the New Zealand market.

As the largest media company in the country, we operate the most-read newspaper, most-read consumer magazine, the leading news website, the largest radio network and the leading outdoor advertising operation. APN products also enjoy high penetration in Auckland, New Zealand's most important economic market that is the commercial heart of the nation and home to nearly a third of the population.

Our full portfolio of publications reaches two thirds of the population, while our network of 128 radio stations informs and entertains listeners across the country. With our growing online news sites and extensive outdoor advertising presence, APN reaches an unparalleled audience.

New Zealand was not immune to the global financial crisis in 2009 and revenues were affected. Our teams responded with strong cost controls that helped protect profits and the Company is well positioned to take full advantage of the economic recovery.

The strength of cross-platform sales across APN's broad Publishing, Radio, Online and Outdoor assets in New Zealand has allowed the Company to target categories such as fast-moving consumer goods that have traditionally used the television format.

NEW ZEALAND PUBLISHING grew revenue market share against all its major media competitors in 2009. EBIT down 9% for the second half was a very creditable outcome in



the testing market conditions, while the focus on costs in the period under review will pay long-term dividends for the business.

A very significant result for 2009 is that publishing costs were down 12% year-on-year on a local currency basis. This is a world-class performance, especially given that extra costs were incurred from the integration of online initiatives. The result follows a good cost outcome in the previous year driven by restructuring programmes.

APN publishes The New Zealand Herald, the Herald on Sunday, seven regional daily titles, more than 45 community free publications and the prized New Zealand Magazines portfolio. The division dominates the all-important Auckland market, with 7 out of 10 Aucklanders aged 15+ reading at least one APN newspaper, magazine or visiting www. nzherald.co.nz each week. In addition, we are an online leader in each of our local markets.

Improvements in efficiency, productivity and quality continue to be achieved through the outsourcing of newspaper editorial production to a central facility in Auckland, while a centralised approach to advertising production and circulation and marketing functions is paying off.

The New Zealand Herald remains the flagship of the division. The Herald increased its daily brand audience across newspaper and online channels (measured by Nielsen Media Research) to 680,000 readers, with two out of three Aucklanders connecting with the Herald brand each week. It is the most-read daily newspaper in the country, attracting twice as many readers as any other metropolitan newspaper.

The Herald on Sunday reinforced its position as the bestread Sunday newspaper in the northern region, and underlining the power of the Herald masthead, nine out of 10 weekend newspaper readers in Auckland read either the Weekend Herald or the Herald on Sunday each week.

In all, more than 2 million New Zealanders are turning the pages of APN metropolitan, regional, Sunday and community newspapers every week. As readership is the key metric used by our advertisers, we are confident of maintaining a strong share of revenue in the nation's publishing sector.

New Zealand Publishing experienced a better fourth quarter, registering improvements in advertising revenue from retail and national clients in particular. Stronger early-year trading reinforces the view that APN's Publishing division will lead the trading recovery in 2010.

NEW ZEALAND MAGAZINES has a diverse stable of titles that lead their market segments. The iconic New Zealand Woman's Weekly has a readership of 785,000 and retains its position as the country's best-read weekly magazine. The New Zealand Listener has more readers than any other current affairs magazine, Simply You is the highestcirculating fashion magazine, and Crème is the best-selling youth magazine, growing readership to 162,000. Strong subscriber support underpins the success of the magazine portfolio.

A subdued economy affected advertising spending in 2009, but trading trends for the start of the new year have improved and revenue is ahead of the same period last year.

NZ REGIONAL NEWSPAPERS increased its share of regional readers to 41% during 2009. The group publishes seven regional daily newspapers, including the successful Bay of Plenty Times, Hawke's Bay Today and The Northern Advocate. Our titles are instrumental in connecting communities to their local regions and remain the principal source of local news, providing a valuable link between readers and advertisers.

The transfer of daily editorial production of the regional titles to a centralised facility in Auckland continues to deliver quality and financial benefits, and is part of an ongoing program of robust cost management. While local



economies in New Zealand have felt the effects of the financial crisis, there has been continued growth in retail advertising.

APN ONLINE is at the forefront of online news in New Zealand. The year was notable for the further development of the Herald brand, nzherald.co.nz, which attracted record traffic and advertising support in 2009 to cement its position as the most popular news website in the country. It also improved profitability.

There has been a strong take-up of the Herald's new mobile offering, with more than 40,000 unique users each week underlining our ability to develop new revenue streams in this fast-developing segment. New reader devices such as iPad and Kindle are yet to gain prominence in our markets, however APN is well placed to move as audiences embrace new technologies and applications to access our wide ranging local content and information offerings. Local and national advertisers are supporting the fast-growing Regional News Network launched in association with our daily publishing brands.

APN's free listing Sella model is also making strong gains. Listings were well up in the fourth quarter and unique browsers doubled during the year. This 'freemium' model, which is based on a free basic listing and progressive upselling is experiencing significant growth around the world. We expect free listings to become an increasingly popular segment of the online classified market and are confident APN can build a significant presence in the sector.





THE RADIO NETWORK (TRN), a longstanding, successful partnership with Clear Channel, entertains and informs more than 1.4 million listeners across the nation each week. TRN broadcasts across 128 FM and AM frequencies over eight networks in New Zealand and has a 46% audience share of the 10+ national audience.

Our network boasts the top-rating stations in Auckland, Wellington and Christchurch. Following the retirement of NewstalkZB breakfast host Paul Holmes, who became a New Zealand radio institution over two decades in the role, management moved judiciously to appoint a popular and well-credentialled replacement. The seamless transition of new host Mark Hosking into the role provides a strong indicator that the remarkable strength of the NewstalkZB brand will continue.

New Zealand's radio market underperformed in comparison with Australia in 2009, contracting 10%. However, tight financial management within TRN, with costs down 11% in local currency terms, helped offset this decline. TRN lost some market share during the period in review, but reported an improvement in direct advertising revenue, which represents 75% of the New Zealand radio market.

TRN is committed to ensuring maximum efficiencies from a geographically and brand-diverse business. Early trading in 2010 has provided an indication of an improving market.

APN OUTDOOR is the largest outdoor operator in New Zealand and has a commanding presence in every major metropolitan city. An unmatched network of more than 600 premium roadside billboard and poster sites ensures our clients' brands and messages reach consumers around the clock every day. The Adshel street furniture business, also owned in partnership with Clear Channel, has an expanding inventory across street, rail, shopping centre and airport locations.

APN has invested wisely to upgrade the quality of our outdoor sites in New Zealand and ensure advertisers have a premium communication platform with consumers. The New Zealand outdoor market faced challenging trading conditions in 2009, but there are positive signs that the contraction has not continued into the new year. A comprehensive review of site rental contracts, with renegotiations where possible, has contributed to a strong cost-management performance for the period under review.

PRINT GROUP restructuring continued during 2009, with APN management in discussions with a number of parties regarding the Auckland heatset printing business. Based on such negotiations, APN does not expect to continue to consolidate this business and has treated it as a discontinued business at a loss of \$1.8 million for the period under review.





ASIA

APN News & Media is a leading outdoor advertising operator in the dynamic Hong Kong and Indonesian markets.

The global financial crisis affected our trading performance in the region in 2009, particularly in Hong Kong, although we are confident that market will return. The crisis had less of an impact on Indonesia.

APN is well placed to generate long-term revenue streams in these two growth markets where outdoor is the best medium to deliver advertising messages to large numbers of drivers and pedestrians.

Our billboard and transit businesses in Hong Kong are world-class operations. Through Buspak, APN operates the leading transit advertising business in the city, supplying sophisticated formats for thousands of buses under the operation of Citybus, New World First Bus and Long Win Bus. The fleet of double-decker buses featuring whole vehicle 'wraps' are landmarks in the territory. In the second half, Buspak signed a five-year contract with Citybus and New World First Bus to be their exclusive transit advertising service provider. Aiding those negotiations was the official launch in July of Webus, a Buspak innovation that provides free wi-fi internet access on selected buses. Public reaction to Webus has been very positive while advertisers have also praised the development.

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

In Indonesia, our large format billboards are market leaders. Our partner, Rainbow Outdoor Advertising, is the premium billboard operator, with high-profile positions around Jakarta and other metropolitan markets.

Late in the second half of the year, we completed the disposal in Malaysia of the Kurnia business, in which APN was a joint-venture partner, to multimedia company, Media Prima.

APN is hopeful of better trading in 2010 as Asian markets benefit from the anticipated recovery.



APN News & Media has long been an advocate of local community involvement. Indeed, our support for the many towns and cities in which we operate predates the entry into the vernacular of the term 'corporate social responsibility'.

Through our Publishing, Radio, Online and Outdoor operations, APN is an active participant in a cross-section of communities. The social impact of our activities goes much further than any direct philanthropic role. Our local newspapers, radio stations and websites often become the central coordinating force behind charities and important social issues. Many of our employees are proud participants in those organisations and events.

APN's engagement in CSR covers the gamut from supporting local sporting competitions at the grassroots level to managing charity appeals which raise millions of dollars in donations. In 2009, total CSR support from the Company – in terms of advertising space contributed, funds directly donated as well as solicited through readers and listeners – exceeded \$25 million. This value excludes the advertising equivalence of the many editorial articles or radio segments that have promoted individual charities and their important work in communities.

The impact of an economic downturn notwithstanding, APN and its people will continue to support local organisations that deliver extraordinary benefits to those living and working in our markets.

EDUCATION

- Through the Newspapers in Education (NiE) programmes, our publications across Australia and New Zealand provide extensive resources and complimentary editions to local schools to assist with literacy efforts as well as social awareness and general knowledge. NiE pages link in with school curricula.
- Newspapers, magazines and radio undertake a public education and information role through special features and promotions on public health issues such as breast cancer, Parkinson's disease, autism and childhood cancers.
- The New Zealand Herald publishes secondary school students' work in The College Herald to encourage interaction with and understanding of journalism print media.
- Regional publications in New Zealand work actively with schools to host students in a combination of media studies.
- In a bid to address growing rates of childhood obesity, The Radio Network and NiE New Zealand support the WeetBix Triathlon for 7 to 14-year-olds, the largest sporting event for children in the world, with more than 20,000 children entering nationwide.
- The New Zealand Woman's Weekly sponsors the Real Women's Duathlon series, which encourages women to be more physically active.
- TRN has been instrumental in promoting the Rowing for Prostate project that raised \$285,000 for prostate cancer research.
- Radio stations and newspapers across Australia and New Zealand support breast cancer awareness month, Camp Quality and the Variety Club.
- The New Zealand Listener sponsors the New Zealand National Spelling Bee.
- Through its sponsorship of Workchoice Day, heraldjobs.co.nz helps Year 12 students make informed decisions about their future careers.

HUMANITARIAN

- The annual Adopt a Family for Christmas appeal conducted by APN Australian Publishing is now in its 16th year. In 2009, the appeal supported more than 3,000 families, raising aid of an estimated value of more than \$1 million. Since its inception, the annual campaign has helped more than 21,000 families, attracting in excess of \$6 million in donations.
- TRN's New Zealand \$10 Queenstown Challenge to Cure Kids raised \$400,000 to fund child health medical research. The network's involvement with Loud Shirt Day helped raise \$185,000 for The Hearing House, which assists children who need cochlear implants.
- TRN's Newstalk ZB host Danny Watson had a haircut for the Leukaemia and Blood Foundation, raising more than \$25,000.
- All TRN brands promoted the Samoa Tsunami Relief Appeal, with funds raised going to the Red Cross.
- ARN's Mix live breakfast stream generated 1,500 child sponsorships for World Vision leading up to Christmas. The Gold 104.3 and WSFM 101.7 stations supported concerts to aid victims of the Victorian bushfires.
- The Star City to Surf event raised \$14,000 for the Westpac Helicopter service in Canterbury, New Zealand.

COMMUNITY

- Through public service announcements, ARN and TRN provide free community messages worth millions of dollars for scores of local and national charity groups. Charities include the Red Cross, Bone Marrow Donor Institute, Child Flight, Cancer Council, Mothers Day Classic, Fred Hollows Foundation, World Wildlife Fund, Seeing Eye Dogs, Autism New Zealand, Muscular Dystrophy New Zealand, The Hearing House New Zealand, Heart Kids New Zealand and UNICEF.
- The New Zealand Herald promotes Unsung Heroes to recognise and reward people within the community for good deeds.
- In 2009, The New Zealand Herald published a series of articles to promote country awareness of the impacts of methamphetamine, 'The war against P'.
- TRN celebrates community diversity through support of Race Relations Day and how special and important our children are by supporting New Zealand's Children's Day.
- Newstalk ZB is the radio media partner for the New Zealander of the Year Awards. The awards were launched in Wellington and are supported by former Prime Minister Jim Bolger. The awards will be presented around Waitangi Day 2010. These awards are run along similar lines to the successful Australian of the Year Awards that have been presented for 50 years.
- The Adshel street furniture businesses contributed advertising space worth more than \$1 million to the not-for-profit sector.
- APN's newspapers and magazines provide complimentary advertisements for a large number of local charities, including Starship Foundation, Leukaemia and Blood Foundation, Heart Children Foundation, The Salvation Army, Cure Kids, Kids in Cars and Air New Zealand Kids Charity.
- The New Zealand Herald supports Ronald McDonald House via a partnership with McDonald's.
- APN Online's portfolio of market-leading websites provide millions of complimentary page impressions for a number of community and charity groups, including IHC, Cure Kids, Fred Hollows Foundation, Child Cancer Foundation, Blood Foundation, UNICEF, Auckland City Mission, Cancer Society, Deaf Foundation, KidsCan, ChildFund, Life Education Trust, Australian Cancer Council, Australian Conservation Foundation, Paw Justice and Oxfam.
- Regional publications work closely with local organisations to promote sustainable growth and improvements to their communities. Just one example is the Clean Up Our City graffiti campaign run by the Northern Advocate in Whangarei, which has been recognised with a number of national and international awards.
- The New Zealand Herald Future Stars of Sport Awards recognise six talented young athletes (under 20) with a \$1500 training grant.
- The New Zealand Woman's Weekly sponsors the Royal New Zealand Society for the Prevention of Cruelty to Animals' annual cupcake fundraising initiative.
- The Star is a major media sponsor of The Children's Santa Parade Trust in Christchurch. It is also a major media sponsor of the Helping Hands Trust, an organisation dedicated to helping raise funds for worthy recipients.
- The ARN network and its stations have supported a range of events or organisations that assist cancer charities, hospital appeals and the visually impaired.

CULTURE

• APN News & Media sponsors the Australian Chamber Orchestra as well as the Auckland Philharmonia Orchestra, ARN sponsors the Sydney Opera House and TRN sponsors the New Zealand Symphony Orchestra and the Royal New Zealand Ballet.

- The New Zealand Listener sponsors the Auckland Writers and Readers Festival, Documentary Edge Festival and the New Zealand International Arts Festival.
- The New Zealand Herald is a long-time sponsor of New Zealand Fashion Week, which showcases the latest looks from our local designers to the world. The New Zealand Herald also sponsors the Auckland Writers and Readers Festival, with The College Herald sponsoring creative and poetry writing workshops for students.

CONSERVATION

- Newspapers participate in recycling programmes as well as promote green activities through our publications.
- APN Outdoor aims to minimise its environmental impact and participates in programs to recycle or re-use its advertising skins.
- In 2009, NiE ran a 10-day consecutive study on The Sustainability Challenge that explored ways to nurture and protect Earth's natural resources and cut our environmental impact by reducing, reusing and recycling resources.

APN PEOPLE

APN's people are an integral part of our success in the many markets in which we operate. The ability to provide stimulating, informative and innovative content to our readers and listeners depends on the quality of our employees and the way in which we provide performance and growth opportunities for them. Likewise, our capacity to provide customers with informed and profitable solutions to their advertising needs requires a human touch. This has never been more important than during these challenging economic times.

A principal focus during 2009 continued to be on efficiency improvement and cost management. Critical attention to work practices has enabled APN to improve productivity in all divisions. Working closely with our staff has enabled management to achieve strong cost savings.

This included:

- creating more flexible working arrangements within our various businesses, such as making use of part-time and casual-hours rosters together with reducing outstanding employee leave balances through organised leave absences;
- reducing staff headcounts, either through natural attrition or redundancy; and
- establishing superior performance management practices.

The Company's success in achieving strong cost savings, and at the same time, maintaining its high standard of customer service, is due in large part to committed and loyal employees who take pride in their work, their customers and their communities.

The management of APN, starting at the group executive committee level, is determined to build on this strong base and support and sponsor people leadership programmes that will grow and sustain our high-performing organisation. Specific focuses going forward will include:

- enhancing pay and performance relationships through more aligned incentive schemes;
- protecting our management and leadership 'bench strength' through robust succession planning; and
- fostering high-performing people through targeted development and training programs.

TEN YEAR FINANCIAL HISTORY

	2009	2008	2007	2006	2005 ¹	2004	2003	2002	2001	2000
	\$′m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$′m
	A-IFRS	A-IFRS	A-IFRS	A-IFRS	A-IFRS	A-IFRS	A-GAAP	A-GAAP	A-GAAP	A-GAAP
INCOME STATEMENT										
Revenue ²	1,052	1,258	1,346	1,340	1,364	1,274	1,167	1,072	599	615
EBITDA ³	230	321	352	341	349	322	292	256	136	148
EBIT ⁴	189	283	324	307	309	283	238	202	116	127
Net profit ⁵	94	143	169	157	150	130	104	90	48	51
BALANCE SHEET										
Equity excluding minority interest	933	816	1,032	930	1,005	1,010	1,286	1,205	957	388
Total assets	2,201	2,323	2,581	2,458	2,541	2,584	2,748	2,754	2,485	1,063
Total bank borrowings	787	968	941	749	673	646	735	807	776	282
STATISTICAL ANALYSIS										
EBITDA/total revenue	21.9%	25.4%	26.2%	26.0%	25.6%	25.3%	25.0%	23.9%	22.7%	24.1%
Bank borrowings/EBITDA	3.4	3.0	2.7	2.2	1.9	2.0	2.5	3.2	5.7	1.9
Earnings per share – basic (cents) ⁶	17.0	28.3	33.8	32.8	30.1	26.6	22.1	19.1	17.4	19.0
 – diluted (cents)⁶ 	17.0	28.3	32.9	29.8	27.2	23.4	22.0	19.0	16.7	18.3
Dividend per share (cents)	4.0	22.5	31.5	29.7 7	24.2	22.0	18.3	16.0	14.6	14.2
Dividend payout ratio ⁸	25%	79%	92%	92% ⁷	77%	81%	82%	78%	111% ⁹	73%
Interest cover based on EBITDA (times)	4.87	4.35	5.56	5.41	5.37	5.15	4.37	3.85	9.29	9.86
No. of shares on issue ('000)	595,312	490,413	489,124	460,287	477,705	482,491	472,821	438,406	429,963	252,011
No. of shareholders	11,138	11,593	12,734	14,733	15,582	16,500	15,249	13,839	12,934	10,296
Market capitalisation (\$'m)	1,381	1,216	2,578	2,785	2,293	2,485	1,891	1,337	1,479	1,119
Market price per share at 31 Dec	\$2.32	\$2.48	\$5.27	\$6.05	\$4.80	\$5.15	\$4.00	\$3.05	\$3.44	\$4.44

^{1.} Adjusted for restatement to Outdoor site costs

- ² Including other income and finance income and excluding discontinued operations
- ³. Profit from continuing operations before exceptional items, interest, tax, depreciation and amortisation
- 4. Profit from continuing operations before exceptional items, interest and tax
- ^{5.} NPAT from continuing operations before exceptional items
- ⁶ Earnings per share are before exceptional items and discontinued operations and have been restated for prior years for the bonus element of the pro-rata entitlement offer in 2001 and 2009
- 7. Includes 2006 final dividend paid 18 June 2007
- ^{8.} Before exceptional items
- ^{9.} Final dividend paid on additional capital raised to fund acquisition of the Wilson & Horton Group

APN FINANCIALS 2009

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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 2009.

1. DIRECTORS

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

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

2. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period the company issued 99,280,471 shares via an underwritten Non-Renounceable Pro-Rata Entitlement Offer to shareholders. Net proceeds of this Offer, after issuance costs, were \$96.5m which has been used to reduce debt and strengthen our balance sheet.

These shares were listed on the Australian and New Zealand stock exchanges on 2 June 2009 and 23 June 2009. Further details of the Offer are included in the various market announcements made by the company.

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

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 2009 Annual Report.

Directors

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

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	Group Publishing Chief Executive	APN New Zealand Limited
Richard Herring	Group Radio and Outdoor Chief Executive	APN Outdoor Pty Limited
Warren Lee	CEO APN Online	APN News & Media Limited
Rob Lourey	Group Human Resources Director	APN News & Media Limited

DIRECTORS' REVIEW - APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

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 rewards.

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 (EPS) as a key driver of LTI; and
- being designed to attract and retain high-calibre executives.

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

Non-executive Directors

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

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

Executive pay

The executive pay and reward framework 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 awards to participating 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

DIRECTORS' REVIEW - APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

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 EDOP. The terms of options granted to the Chief Executive in 2004 and 2006 were approved by shareholders prior to being issued. Options issued in 2004 and 2006 to Relevant Executives were issued on the same terms as those for the Chief Executive.

The terms of options granted to Relevant Executives (excluding the Chief Executive) in 2008 were issued on terms approved by the Board. There were no options issued in 2005, 2007 or 2009. 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 option holder 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 EPS 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.

The Company's Securities Trading Policy and Guidelines provide that holders of options held pursuant to the EDOP are not permitted to hedge their options prior to such options becoming vested. The Policy states that breaches of the Securities Trading Policy and Guidelines will be subject to disciplinary action, which may include termination of employment.

Further details regarding performance hurdles in relation to to the options issued under the EDOP are included in the 2009 Annual Report.

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
	\$	\$	\$	\$	\$	\$
A		Madia Linsitad				
Chief Executive	by APN News & and Director of A	PN News & Media Lim	nited			
BMA Hopkins	4 700 575	454 205	400 750		220 507	2 505 442
2009	1,726,575	151,305	406,756	-	220,507	2,505,143
2008	1,726,575	147,713	406,756	-	350,765	2,631,809
Non-executive AE Harris	Directors of APN N	lews & Media Limited				
2009	150,000	_	_	_	_	150,000
2008	150,000	-	-	-	-	150,000
	150,000	-	-	-	-	150,000
WJ Whineray						
2009		-	-	-	-	
2008	41,967	-	319,068*	-	-	361,035
S Atkinson						
2009	-	-	25,000	-	-	25,000
2008	68,807	-	6,193	-	-	75,000
PP Cody						
2009	68,043	-	6,124	-	-	74,167
2008	64,220	-	5,780	-	-	70,000
PM Cosgrove						
2009	60,704	-	5,462	-	-	66,166
2008	56,428	-	5,572	-	-	62,000
KJ Luscombe						
2009	89,167	-	-	-	-	89,167
2008	85,000	-	-	-	-	85,000
JH Maasland	00,000					00,000
2009	88,685	-	7,982	-		96,667
2008	82,569	-	7,431	_	-	90,000
AC O'Reilly	02,505		7,751			50,000
2009	66,514	_	5,986	_	_	72,500
2008	64,220		5,780	_		70,000
2000	,		,	-		
		151,305	457,310	-	220,507	3,078,810
Total 2009	2,249,688	131,303	JIC			3,070,010

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

Directors not specified in the 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.

Refer note 9 for details of related party transactions.

Amortised cost to the Company of options issued to Directors, as required by AASB 124 *Related Party Disclosures* BMA Hopkins: \$nil (2008: -\$300,361).

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

BMA Hopkins \$2,505,143 (2008: \$2,331,448), AE Harris \$150,000 (2008: \$150,000), WJ Whineray \$nil (2008: \$361,035),

S Atkinson \$25,000 (2008: \$75,000), PP Cody \$74,167 (2008: \$70,000), PM Cosgrove \$75,949 (2008: \$71,498),

KJ Luscombe \$89,167 (2008: \$85,000), JH Maasland \$96,667 (2008: \$90,000) and AC O'Reilly \$72,500 (2008: \$70,000).

Total cost to Company in 2009 for all Directors was \$3,088,593 (2008: \$3,303,981).

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						
2009	664,002	-	42,385	-	-	706,387
2008	664,002	-	42,385	-	953	707,340
Martin Simons						
2009	726,124	40,071	71,980	-	105,620	943,795
2008	702,985	41,688	69,158	-	50,040	863,871
Mark Jamieson						
2009	-	-	-	-	-	-
2008	211,287	18,412	22,970	-	-	252,669*
Bob Longwell						
2009	-	-	-	-	-	-
2008	208,632	58,668	-	-	28,829	296,129*
Richard Herring						
2009	549,768	-	49,479	-	40,273	639,520
2008	474,771	-	42,729	-	35,459	552,959
Warren Lee						
2009	530,007	-	14,103	-	11,397	555,507
2008	530,249	-	14,110	-	8,222	552,581
Rob Lourey						
2009	325,000	-	75,000	-	-	400,000
2008	150,000	-	50,000	-	-	200,000
Total 2009	2,794,901	40,071	252,947	-	157,290	3,245,209
Total 2008	2,941,926	118,768	241,352	-	123,503	3,425,549

* Six months to 30 June 2008 pursuant to executive team restructure as described in the 2008 Annual Report

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

P Myers \$nil (2008: -\$100,120), M Simons \$nil (2008: -\$80,096), M Jamieson \$nil (2008: -\$12,014), B Longwell \$nil (2008:-\$50,060), R Herring \$nil (2008: -\$80,096), W Lee \$nil (2008: -\$72,087) and Rob Lourey \$nil (2008: \$nil).

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

P Myers \$706,387 (2008: \$607,220), M Simons \$943,795 (2008: \$783,775), M Jamieson \$nil (2008: \$240,655), B Longwell \$nil (2008: \$246,069), R Herring \$639,520 (2008: \$472,863), W Lee \$555,507 (2008: \$480,494) and R Lourey \$400,000 (2008: \$200,000).

Total cost to Company in 2009 for all Relevant Executives other than the Chief Executive \$3,245,209 (2008: \$3,031,076).

Equity holdings

	Sha	ares	Options		
Year ended 31 December 2009	Balance at	Balance at	Balance at	Balance at	
	start of year	end of year ¹	start of year	end of year	
Directors of APN News & Media Limited					
GK O'Reilly	20,000	20,000	-	-	
AE Harris	580,956 ²	721,275 ²	-	-	
BMA Hopkins	1,023,330	1,451,250	2,500,000	1,500,000	
DJ Buggy	-	-	-	-	
PP Cody	105,024	104,550	-	-	
PM Cosgrove	100,000	120,000	-	-	
VC Crowley (appointed 5 March 2009)	760,404	760,404	-	-	
KJ Luscombe	55,876	67,052	-	-	
JH Maasland	-	-	-	-	
AC O'Reilly	1,000,000	1,000,000	-	-	
S Atkinson (retired 5 May 2009)	13,022	13,022	-	-	
LP Healy (retired 5 May 2009)	581,112	581,112	-	-	
Total directors	9,468,330	11,330,142	2,500,000	1,500,000	
Relevant Executives					
P Myers	210,000	227,000	1,200,000	1,000,000	
M Simons	55,000	55,000	1,040,000	800,000	
R Herring	20,000	24,000	1,040,000	800,000	
W Lee	-	-	800,000	800,000	
R Lourey	-	-	200,000	200,000	
Total relevant executives	285,000	306,000	4,280,000	3,600,000	

¹ Or as at retirement date

² In addition, Mr AE Harris is a Director of a trustee company which holds 403,078 shares (31 December 2008: 335,898) 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 9 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 owned 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.

G K O'Reilly Chairman

BMA Hopkins Director

Sydney 26 March 2010

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2009

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	Note	2009 \$'000	2008 \$'000
Revenue before finance income	1	1,030,666	1,193,398
Other income (including exceptional gains)	1	19,643	28,530
Expenses before finance costs (including impairment and other exceptional costs)	1	(870,092)	(1,137,828)
Finance income		1,689	3,300
Finance costs		(52,234)	(78,833)
Net finance costs		(50,545)	(75,533)
Share of profits of associates		3,254	6,484
Profit before income tax expense		132,926	15,051
Income tax expense		(14,624)	(6,275)
Profit from continuing operations		118,302	8,776
Loss from discontinued operations		(1,830)	(2,954)
Profit for the year		116,472	5,822
Profit attributable to minority interest		(23,844)	(29,794)
Profit/(loss) attributable to owners of the parent entity		92,628	(23,972)

Reconciliation of Profit

Profit/(loss) attributable to owners of the parent entity	92,628	(23,972)
Less impact of:		
Exceptional items, net of tax and minority interest	(287)	164,073
Loss from discontinued operations	1,830	2,954
Profit before exceptional items and discontinued operations	94,171	143,055
Basic/diluted EPS from profit before exceptional items and discontinued operations	17.0 cents	28.3 cents

Basic/diluted EPS from profit before exceptional items and discontinued operations 17.0 cents

CONSOLIDATED BALANCE SHEET as at 31 December 2009

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	Note	2009	2008
		\$'000	\$'000
Current assets			
Carrent assets Cash and cash equivalents		32,727	58,721
Receivables		176,640	195,980
Inventories		9,569	20,476
Tax assets		754	20,470
Other		23,967	900 31,964
Other		243,657	308,047
Assets held for sale		15,072	500,047
Total current assets		258,729	308,047
		230,729	506,047
Non-current assets			
Receivables		4,224	4,895
Other financial assets		27,130	22,628
Investments accounted for using the equity method		39,190	35,384
Property, plant and equipment		266,934	290,909
Intangible assets	3	1,604,436	1,661,603
Total non-current assets		1,941,914	2,015,419
Total assets		2,200,643	2,323,466
Current liabilities			
Payables		118,327	150,298
Derivative financial instruments		814	5,770
Interest bearing liabilities	4	20,280	155,620
Current tax provisions		6,267	6,480
Provisions		7,760	20,639
		153,448	338,807
Liabilities directly associated with assets held for sale		10,356	-
Total current liabilities		163,804	338,807
Non-current liabilities			
Payables		3,272	4,528
Interest bearing liabilities	4	762,700	807,567
Deferred tax liabilities		113,310	121,586
Provisions		1,021	1,586
Total non-current liabilities		880,303	935,267
Total liabilities		1,044,107	1,274,074
Net assets		1,156,536	1,049,392
Equity			
Contributed equity	5	1,024,815	920,802
Reserves		(43,550)	, (28,268)
Accumulated losses		(48,172)	(76,375)
Total parent entity interest		933,093	816,159
			233,233
Minority interest		223,443	200.200

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2009

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	2009	2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,170,414	1,418,808
Payments to suppliers and employees	(986,220)	(1,134,913)
Dividends received	745	1,081
Interest received	1,689	3,300
Interest paid	(48,420)	(83,655
Income taxes (paid)/refunded	(18,834)	(30,679
Net cash inflows from operating activities	119,374	173,942
Cash flows from investing activities		
Payments for property, plant and equipment	(17,111)	(62,761
Payments for goodwill	(159)	(3,651
Payments for software	(449)	(4,637
Payments for other intangible assets	(543)	(3,752
Payments for investments	(2,646)	(456
Payments for purchase of controlled entities	-	(5,871
Proceeds from sale of property, plant and equipment	4,707	20,908
Proceeds from sale of associates	2,670	
Proceeds from sale of controlled entities	23,627	
Other	262	
Net cash inflows/(outflows) from investing activities	10,358	(60,220)
Cash flows from financing activities		
Loans repaid by/(advanced to):		
Director related entities	(178)	(559)
Associates	2,962	(2,656)
Other entities	1,886	1,377
Proceeds from borrowings	368,326	295,059
Repayments of borrowings	(536,103)	(250,348
Payments for borrowing costs	(3,092)	(1,511
Principal repayment under finance leases	(945)	(103
Proceeds from issues of shares	96,464	1,832
Dividends paid to shareholders	(52,145)	(151,777
Net payments to minority interest	(28,350)	(36,405
Net cash outflows from financing activities	(151,175)	(145,091)
Change in cash and cash equivalents	(21,443)	(31,369
	58,721	88,814
Cash and cash equivalents at beginning of the year Effect of exchange rate changes	58,721 (4,551)	88,814 1,276

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

2009	2008
\$'000	\$'000

1. REVENUE AND EXPENSES

1.1 **REVENUE AND OTHER INCOME** (including exceptional gains)

Advertising revenue	1,030,568	1,192,354
Revenue from sale of goods	98	1,044
Revenue before finance income	1,030,666	1,193,398
Dividends received	745	1,081
Net gain on disposal of property, plant and equipment	1,937	1,701
Exceptional gains (refer note 2)	7,867	10,772
Rent received – other entities	995	1,128
Bad debts recovered	178	144
Gains on equity instruments	2,118	-
Gains on other financial instruments	5,361	13,215
Other	442	489
Other income	19,643	28,530
Interest received – associates	128	969
Interest received – other entities	1,561	2,331
Finance income	1,689	3,300
Revenue and other income	1,051,998	1,225,228

1.2 EXPENSES (including impairment and other exceptional costs)

Expenses before finance costs		
Employee benefits expense	315,866	347,184
Selling and production expense	284,468	321,041
Rental and occupancy expense	163,805	174,567
Depreciation and amortisation expense	41,301	40,956
Impairment and other exceptional costs (refer note 2)	13,349	202,953
Other	51,303	51,127
Total expenses before finance costs	870,092	1,137,828

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	2009	2008
	\$'000	\$'000
2. IMPAIRMENT AND OTHER EXCEPTIONAL ITEMS		
Gain on disposal of investments and properties	699	3,623
Profit on sale of businesses	7,168	-
Fair value adjustment on acquisition of associate	-	7,149
Redundancies and associated costs	(8,869)	(21,425)
Project planning and implementation costs	(3,396)	(11,765)
Corporate, legal and other costs	(1,535)	(744)
Online establishment costs	(1,696)	(6,428)
Impairment - intangibles	-	(127,095)
Impairment - property, plant and equipment	-	(18,201)
Impairment - investments	(853)	(7,797)
Onerous contract arising from impairment review	-	(9,498)
Reversal of impairment of investment in associate	3,000	
Net impairment and other exceptional items (pre tax)	(5,482)	(192,181)
Income tax credit	5,445	27,782
Minority interest	324	326
Net impairment and other exceptional items (post tax)	287	(164,073)

With the challenges experienced during 2009 in each of our key markets, the Group implemented further restructuring initiatives during the year. These initiatives included:

- further centralisation of editorial and administrative support functions

- workforce restructuring of printing operations in New Zealand

- further networking of radio programmes to regional centres in New Zealand

Redundancies and associated costs include redundancy payments, payments in lieu of notice together with salary costs of redundant roles from the date that the redundancy programme is initiated.

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

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

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	2009	2008
	\$'000	\$'000
3. INTANGIBLE ASSETS		
Goodwill		
At cost	298,931	317,625
Impairment	(101,160)	(102,013)
	197,771	215,612
Software		
At cost	22,443	22,612
Accumulated amortisation	(18,504)	(15,129)
	3,939	7,483
Mastheads		
At cost	1,023,009	1,054,189
Impairment	(25,082)	(25,082)
	997,927	1,029,107
Radio licences		
At cost	320,861	321,078
Accumulated amortisation	(13,802)	(12,319)
	307,059	308,759
Transit and outdoor advertising systems – at cost	54,713	54,713
Brands – at cost	41,167	43,613
Lease intangibles		
At cost	4,313	4,363
Accumulated amortisation	(2,453)	(2,047)
	1,860	2,316
Total intangible assets	1,604,436	1,661,603

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

The recoverable amount of each CGU which includes goodwill or indefinite life intangible assets has been reviewed.

Where value in use calculations have been used, these calculations have been based on management budgets and forecasts for a five year period, extrapolated at estimated growth rates between 2% and 3% per annum being rates reflecting the long-term average growth rates for the respective CGU. A discount rate of 10.4% post-tax (2008: 9.5% post-tax) has been used. The current year discount rate equates to pre-tax rates in the range of 12% to 14% per annum.

A comprehensive impairment review was conducted at December 2009. The Directors remain satisfied with the carrying value of the Group's intangible assets and have determined that no adjustment to the impairment provisions recognised at December 2008 is required. The impairment provision recognised at December 2008 and December 2009 in respect of the New Zealand National Publishing CGU results from a deterioration in advertising and capital market conditions resulting from a combination of a weaker New Zealand macro economic environment and the impact of the global financial crisis. Directors note that the extent and duration of the current weakness are difficult to predict but remain confident in the long-term prosperity of the Group's New Zealand National Publishing assets and the markets in which they operate.

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

Value in use calculations are highly sensitive to changes in certain key assumptions. A 0.5% increase in the discount rate used would increase the impairment provision recognised by \$45.0 million whereas a 0.5% decrease in the discount rate would result in a full reversal of the \$25.1 million provision which has been recognised. A 0.5% decrease in long-term growth rates would increase the impairment provision recognised by \$38.0 million whereas a 0.5% increase in long-term growth rates would result in a full reversal of the \$25.1 million provision which has been recognised. A 0.5% increase in long-term growth rates would result in a full reversal of the \$25.1 million provision which has been recognised. The impairment charge raised in respect of goodwill will not be reversed irrespective of any improvements in the value in use calculations.

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

	2009	2008
	\$'000	\$'000
4. INTEREST BEARING LIABILITIES		
Current – unsecured		
Bank loans	17,973	155,603
Current – secured		
Lease liabilities	2,307	17
Total current interest bearing liabilities	20,280	155,620
Non-current		
Bank loans – unsecured	716,745	812,157
Lease liabilities – secured	50,232	12
	766,977	812,169
Deduct		
Borrowing costs	16,800	15,882
Accumulated amortisation	(12,523)	(11,280)
Net borrowing costs	4,277	4,602
Total non-current interest bearing liabilities	762,700	807,567

Lease liabilities are treaded as secured, as the leased assets are either owned by or revert to the lessor in certain circumstances including an event of default.

5. CONTRIBUTED EQUITY

Issued and paid up share capital		1,024,815		
Movements in contributed equity during the financial year	2009 number	2008 number	2009 \$'000	2008 \$'000
Balance at start of the year	490,413,398	489,124,380	920,802	916,572
Issue of ordinary shares – Non-Renounceable Entitlement Offer Share issue costs Dividend reinvestment plan Shares issued under Executive and Director Option Plan [®]	99,280,471 - 5,618,056 -	- - 762,017 527,001	99,280 (1,972) 6,705 -	- 2,398 1,832
Balance at end of the year	595,311,925	490,413,398	1,024,815	920,802

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

Non-Renounceable Pro-Rata Entitlement Offer

During the period, the Company issued 99,280,471 shares via an underwritten Non-Renounceable Pro-Rata Entitlement Offer to shareholders. Net proceeds of this Offer, after issuance costs, were \$96.5 million which has been used to reduce debt and strengthen our balance sheet. These shares were listed on the Australian and New Zealand stock exchanges on 2 June 2009 and 23 June 2009. Further details of the Offer are included in the various market announcements made by the Company.

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

In addition to the above dividends, since year end the Directors have declared the payment of a fully franked final dividend of 4.0 cents per share. The aggregate amount of the dividend expected to be paid on 30 March 2010 out of retained profits at 31 December 2009, but not recognised as a liability at year end, is:	23,812	58,850
Dividends not recognised at year end		
Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and tax refunds due	9,133	2,671
Total dividends	58,850	154,175
For the year ended 31 December 2009, no interim dividend was declared or paid. (2008: 10.5 cents per share unfranked paid on 2 October 2008)	-	51,414
Unfranked final dividend for the year ended 31 December 2008 of 12.0 cents per share, paid on 23 April 2009 (2007: 21.0 cents per share unfranked paid on 24 April 2008)	58,850	102,761
6. DIVIDENDS	\$'000	\$'000
	2009	2008

7. 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 2009, the facilities had been drawn to the extent of \$788,547,470 (2008: \$969,320,466).

The parent entity and some wholly-owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of \$45,000,000 (2008: \$45,000,000).

(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.

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

8. SEGMENT INFORMATION

The consolidated entity operates predominately in the following industries: **Publishing** of newspapers, magazines, directories, printing and online publishing **Radio** – broadcasting of radio transmissions

Outdoor - specialist transit and static outdoor advertising

December 2009	Australian Publishing \$'000	NZ Publishing \$'000	Australian Radio \$'000	NZ Radio \$'000	Outdoor \$'000	Unallocated \$'000	TOTAL \$'000
Segment revenue							
Sales to external customers	272,195	321,498	122,984	84,709	229,280	-	1,030,666
Other income	-	-	-	-	-	11,776	11,776
	272,195	321,498	122,984	84,709	229,280	11,776	1,042,442
Finance income	-	-	-	-	-	1,689	1,689
Other income – exceptional gains	-	-	-	-	-	7,867	7,867
Total revenue and other income	272,195	321,498	122,984	84,709	229,280	21,332	1,051,998

Segment result							
Segment result	59,527	66,451	43,642	13,464	16,107	(10,238)	188,953
Net finance costs	-	-	-	-	-	(50,545)	(50,545)
Income tax expense (pre exceptionals)	-	-	-	-	-	(20,069)	(20,069)
	59,527	66,451	43,642	13,464	16,107	(80,852)	118,339
Exceptional items after tax	-	-	-	-	-	(37)	(37)
Profit from continuing operations (post exceptionals)	59,527	66,451	43,642	13,464	16,107	(80,889)	118,302

December 2008	Australian Publishing \$'000	NZ Publishing \$'000	Australian Radio \$'000	NZ Radio \$'000	Outdoor \$'000	Unallocated \$'000	TOTAL \$'000
Segment revenue							
Sales to external customers	301,595	392,140	130,249	103,304	265,107	1,003	1,193,398
Other income	-	-	-	-	-	17,758	17,758
	301,595	392,140	130,249	103,304	265,107	18,761	1,211,156
Finance income	-	-	-	-	-	3,300	3,300
Other income – exceptional gains	-	-	-	-	-	10,772	10,772
Total revenue and other income	301,595	392,140	130,249	103,304	265,107	32,833	1,225,228

Segment result							
Segment result	83,919	91,197	48,197	20,705	39,492	(745)	282,765
Net finance costs	-	-	-	-	-	(75,533)	(75,533)
Income tax expense (pre exceptionals)	-	-	-	-	-	(34,057)	(34,057)
	83,919	91,197	48,197	20,705	39,492	(110,335)	173,175
Exceptional items after tax	-	-	-	-	-	(164,399)	(164,399)
Profit from continuing operations (post exceptionals)	83,919	91,197	48,197	20,705	39,492	(274,734)	8,776

APN NEWS & MEDIA LIMITED AND CONTROLLED ENTITIES

9. 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	Group Publishing Chief Executive	APN New Zealand Limited
Richard Herring	Group Radio and Outdoor Chief Executive	APN Outdoor Pty Limited
Warren Lee	CEO APN Online	APN News & Media Limited
Rob Lourey	Group Human Resources Director	APN News & Media Limited

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
2009	\$5,623,545	\$710,257	-	\$6,333,802
2008	\$6,031,959	\$997,932	\$(694,834)	\$6,335,057

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

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	2009	2008	
		\$'000	\$'000	
Loan interest received	Associates ⁽ⁱ⁾	128	969	
Consulting services received	Key management personnel ⁽ⁱⁱ⁾	50	-	
Consulting services received	Key management personnel ⁽ⁱⁱⁱ⁾	88	36	
Success fee	Key management personnel ^(iv)	57	-	
Dividends paid	Other related parties ^(V)	22,982	60,335	
Independent News & Media fees	Other related party ^(vi)	1,115	1,115	
Management fees receivable	Associates ^(vii)	333	633	
Associate company fee	Associates ^(viii)	50	50	

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) Consulting fees paid to Sallyanne Atkinson for services rendered. The contract commenced 5 May 2009 and expires in May 2011 and provides for a maximum fee of \$75,000 per annum, payable quarterly.
- (iii) Consultancy fees paid to a company associated with Peter Cosgrove for marketing services rendered.
- (iv) Fee paid to a company associated with Peter Cosgrove on successful renewal of Hong Kong transit contract.
- (v) Dividends paid to Independent News & Media (Australia) Limited and News & Media NZ Limited.
- (vi) Payments to Independent News & Media PLC include reimbursements for services provided including travel and ancillary expenses, provision of unlimited live editorial copy, services of directors and for advisory services on a range of matters including global media and advertising trends and product development.
- (vii) Management fees received/receivable from associates.
- (viii) Chairman's fee paid to Peter Cosgrove by Adshel Street Furniture Pty Limited.

APN NEWS & MEDIA LIMITED

1. SHARES

(a) Substantial shareholders

The following information is extracted from substantial shareholder notices received by the Company as at 4 March 2010:

Name	Number of shares
Independent News & Media (Australia) Limited	131,541,073
News & Media NZ Limited	60,000,000
National Australia Bank Limited	43,637,638
Paradice Investment Management Pty Ltd	36,591,205
AMP Limited	34,696,241
Perpetual Limited	29,855,060

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

(b) Top 20 holders of fully paid ordinary shares at 4 March 2010

Name	Number of shares	% of total shares
Independent News & Media (Australia) Limited	131,541,073	22.10%
National Nominees Limited	74,221,514	12.47%
JP Morgan Nominees Australia Limited	70,388,897	11.82%
News & Media NZ Limited	60,000,000	10.08%
HSBC Custody Nominees (Australia) Limited	30,812,275	5.18%
RBC Dexia Investor Services Australia Nominees Pty Limited (PIPooled a/c)	23,147,014	3.89%
New Zealand Central Securities Depository Limited	10,731,498	1.80%
Australian Foundation Investment Company Limited	10,479,455	1.76%
Cogent Nominees Pty Limited	10,240,094	1.72%
Cogent Nominees Pty Limited (SMP accounts)	9,010,353	1.51%
Citicorp Nominees Pty Limited	8,952,978	1.50%
AMP Life Limited	8,604,804	1.45%
RBC Dexia Investor Services Australia Nominees Pty Limited (GSJBW a/c)	7,352,054	1.23%
Queensland Investment Corporation	7,198,106	1.21%
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 1 a/c)	5,300,000	0.89%
ANZ Nominees Limited (Cash Income a/c)	4,834,011	0.81%
Argo Investments Limited	3,811,844	0.64%
RBC Dexia Investor Services Australia Nominees Pty Limited	3,793,633	0.64%
Citicorp Nominees Pty Limited (CFSIL CFSWS SMALL COMP a/c)	3,673,448	0.62%
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 4 a/c)	3,627,495	0.61%
Total	487,720,546	81.93%

(c) Analysis of individual ordinary shareholdings as at 4 March 2010

Holding	Number of shareholders	% of total	Number of shares	% of issued capital
1-1,000	2,531	23.17%	1,181,542	0.20%
1,001-5,000	5,001	45.78%	13,681,619	2.30%
5,001-10,000	1,845	16.89%	13,408,752	2.25%
10,001-100,000	1,445	13.23%	32,106,931	5.39%
100,001 and over	102	0.93%	534,933,081	89.86%
Total holdings	10,924	100.00%	595,311,925	100.00%

There were 517 holders of less than a marketable parcel.

APN NEWS & MEDIA LIMITED

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 4 March 2010:

Holding	Number of optionholders	% of total	Number of options	% of total options
1-1,000	-	_	-	-
1,001-5,000	-	-	-	-
5,001-10,000	3	3.06%	30,000	0.21%
10,001-100,000	64	65.31%	3,620,000	25.67%
100,001 and over	31	31.63%	10,455,000	74.12%
Total holdings	98	100.00%	14,105,000	100.00%

3. DIRECTORS' INTERESTS

The relevant interest of each Director in the securities of the parent entity as at 4 March 2010 is:

Director	Number of shares	Number of options
GK O'Reilly	20,000	-
AE Harris	721,275	-
BMA Hopkins	1,651,250	1,500,000
DJ Buggy	-	-
PP Cody	104,550	-
PM Cosgrove	120,000	-
VC Crowley	760,404	-
KJ Luscombe	67,052	-
JH Maasland	-	-
AC O'Reilly	1,000,000	-

STOCK EXCHANGE LISTING

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

ENQUIRIES

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

DIVIDEND PAYMENTS

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

REGISTER YOUR EMAIL ADDRESS

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

TAX FILE NUMBER (TFN)

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

CONSOLIDATION OF HOLDINGS

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

CHANGE OF NAME OR ADDRESS

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

DIVIDEND REINVESTMENT PLAN (DRP)

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

The Directors have set the current rate of discount applicable to the DRP at 2.5%. No brokerage, commission, stamp duty or other transaction costs are payable on any allotment of shares under the DRP.

INVESTOR INFORMATION

The Annual Report is the most comprehensive publication with information for investors. Copies of the 2009 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

DIRECTORS

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

SECRETARY

Y Lamont

REGISTERED OFFICE

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

SHARE REGISTRY

Link Market Services Limited Level 12, 680 George Street, SYDNEY NSW 2000 Locked Bag A14, SYDNEY SOUTH NSW 1235 Telephone within Australia: 1300 553 550 Facsimile within Australia: 02 9287 0303 Telephone within New Zealand: 09 375 5998 Facsimile within New Zealand: 09 375 5990 Telephone outside Australia and New Zealand: +61 2 8280 7142 Email: registrars@linkmarketservices.com.au Website: www.linkmarketservices.com.au

AUDITORS

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

PRINCIPAL BANKERS

ANZ Commonwealth Bank HSBC JP Morgan National Australia Bank RBS 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, 2009. 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 of the financial performance, financial position and financing and investing activities of APN News and 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 7142 (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 and Media Limited (ABN 95 008 637 643) is a company limited by shares, incorporated and domiciled in Australia and is listed on both the ASX and NZX.

Notice is hereby given that the Annual General Meeting of members of APN News and Media Limited will be held at The Westin Hotel, No. 1 Martin Place, Sydney, NSW, on Friday, 30 April 2010 at 11am. www.apn.com.au

