

SHAREHOLDER REVIEW 2012

APN NEWS & MEDIA LIMITED
ABN 95 008 637 643



APN AT A GLANCE

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Australian Regional Media



APN IS A KEY PUBLISHER IN REGIONAL QUEENSLAND AND NORTHERN NSW.

APN's Australian Regional Media (ARM) portfolio includes 12 daily newspapers, more than 56 non-daily newspapers and over 30 websites.

With a publishing footprint from Coffs Harbour to Airlie Beach, ARM connects with over 1.1m consumers every week, providing advertisers with a highly targeted media platform to engage with large regional audiences.

Radio

APN OPERATES TWO SUCCESSFUL RADIO BUSINESSES IN A JOINT VENTURE WITH CLEAR CHANNEL.

Australian Radio Network operates the Mix and Classic Hits networks across Sydney, Melbourne, Adelaide and Brisbane. It also broadcasts The Edge 96.1 in Sydney and owns a 50% interest in both 93.7 FM in Perth and Canberra FM Radio.

The Radio Network in New Zealand operates the #1 national network, Newstalk ZB and has three of the top five national networks, Newstalk ZB, Classic Hits and Coast. Its other networks are ZM, Hauraki, Flava and Radio Sport.



New Zealand Media



APN IS NEW ZEALAND'S LEADING PUBLISHER WITH A PORTFOLIO OF NEWSPAPER, DIGITAL AND MAGAZINE TITLES THAT ENGAGE WITH 2.7M PEOPLE EVERY WEEK.

The New Zealand Herald is the country's best selling newspaper, with a brand audience across print and online that has shown double digit growth over the past five years.

APN publishes seven daily regional newspapers and their companion websites and more than 35 community newspapers. The magazine stable includes the New Zealand Woman's Weekly and the New Zealand Listener among its eight titles.

Digital

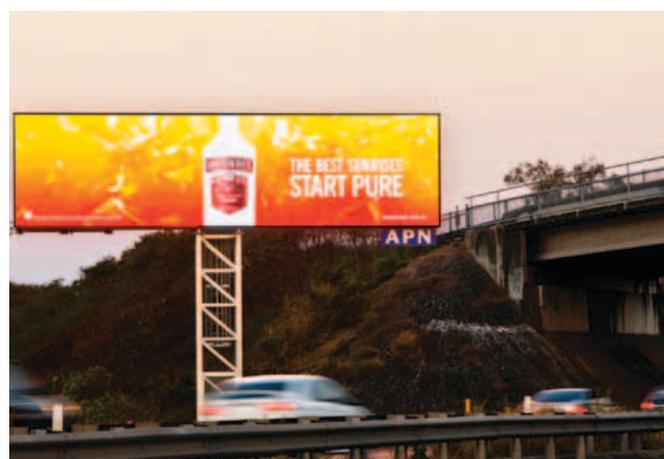
APN'S DIGITAL PORTFOLIO HAS THREE KEY VENTURES.

GrabOne, the number one group buying business in New Zealand, online shopping club brands Exclusive and digital retail advertising network CC Media.

Digital is also an integral component of APN's publishing, radio and outdoor brands, including digital billboards and the nzherald.co.nz website and iPad app.



Outdoor



APN'S OUTDOOR GROUP CONSISTS OF APN OUTDOOR, ADSHEL AND HONG KONG OUTDOOR.

APN Outdoor offers extensive billboard, transit and airport advertising across Australia and billboard advertising in New Zealand. APN Outdoor is a joint venture with Quadrant Private Equity.

Adshel specialises in street furniture advertising and infrastructure in Australia and New Zealand, delivering high impact campaigns including

the use of digital technologies to enable consumers to interact with brands.

In Hong Kong Outdoor, Cody provides premium billboard advertising, and Buspak offers exterior and multimedia bus advertising.

Both Adshel and Hong Kong Outdoor are joint ventures with Clear Channel.

KEY RESULTS

Australian Radio Network, Adshel and GrabOne all achieved record results and won market share in 2012. Australian Regional Media and New Zealand Media made extensive changes to rejuvenate products and reduce costs, however weak advertising markets meant that results for publishing were down overall.

Revenue

\$929m

DOWN 13%

EBITDA¹

\$156m²

DOWN 25%

The formation of the APN Outdoor joint venture had a major impact on results. Continuing operations delivered revenue of \$857m, up 2% and EBITDA of \$149m, down 14%.

Adjusted net profit after tax

\$54m²

IN LINE WITH GUIDANCE

Statutory net loss after tax

(\$456m)

Statutory net loss after tax includes non-cash impairments of \$638m associated with publishing assets.

Net debt reduced by

\$180m

- Net debt was reduced by \$180m primarily via the formation of the APN Outdoor joint venture
- APN did not pay a final dividend for 2012
- Reducing APN's debt level is an ongoing objective

¹ Earnings before interest, taxes, depreciation and amortisation.

² Before exceptional items based on segment reporting.

DIVISIONAL HIGHLIGHTS

Publishing

\$25m + \$25m COST OUT

- Cost initiatives deliver \$25m with another \$25m expected in 2013
- Relaunch of the weekday New Zealand Herald as a compact
- Transformation of sales and editorial approach in Australia
- Digital first sites deliver \$2m EBITDA improvement

Radio

20 ARN OUTPERFORMS THE MARKET FOR 20 CONSECUTIVE MONTHS³

- Australian Radio Network (ARN) revenue up 5% while market down 1%. ARN EBITDA up 7%
- ARN achieves highest ratings in target audience in 5 years
- Newstalk ZB remains #1 national station in New Zealand and Coast moves to #1 national music station
- New CEO of The Radio Network driving a program of change with early wins

Outdoor



- Australian market up 2%, Adshel revenue up 17% and EBITDA up 29%
- Strategic wins and renewals drive results for Adshel and APN Outdoor
- APN Outdoor at the forefront of rolling out premium digital billboards

Digital



- APN increases equity in GrabOne to 100% and acquires 82% of brandsExclusive
- GrabOne revenue up 93% and EBITDA up 7 times
- GrabOne leads New Zealand with approximately 75% market share

2012 Segment result

AUD million (year on year growth %)	Revenue FY 2012	Local currency	As reported	EBITDA FY 2012	Local currency	As reported
Australian Regional Media	248.8	(10%)	(10%)	38.7	(30%)	(30%)
New Zealand Media	287.4	(7%)	(5%)	47.8	(24%)	(23%)
Australian Radio Network	140.0	5%	5%	50.8	7%	7%
The Radio Network (NZ)	86.7	(2%)	(0%)	15.1	(12%)	(11%)
Outdoor group	110.5	(58%)	(58%)	19.6	(57%)	(57%)
Digital group ⁴	55.3	367%	374%	(0.8)	82%	82%
Corporate	-	-	-	(15.2)	(7%)	(7%)
Total	928.6	(14%)	(13%)	156.0	(26%)	(25%)

³ At February 2013.

⁴ Includes businesses acquired during the year.

CHAIRMAN'S REPORT

Dear Shareholder

It is my pleasure to write to you as the Chairman of APN News & Media. I was appointed Chairman on 19 February 2013 and have served on the Board of APN since 2003.

Although it has been an eventful year at APN, particularly over the last couple of months, I wish to assure you that despite the changes in the Board, your Company, supported by a suite of strong media assets with capable executive teams working across the businesses, remains confident of its future.

Despite a difficult and disappointing trading environment in 2012 created by weak advertising markets, our strategy remains to reposition APN for growth.

Worldwide the media industry continues to confront the challenges to newspaper publications. APN is facing similar challenges to its publishing assets in both New Zealand and Australia.

The publishing divisions are pushing through extensive change agendas to re-engineer their business models, revitalise products and drive efficiencies. Cost reduction programs delivered \$25m of savings in 2012 with another \$25m reduction expected in 2013. Initiatives in the year ahead include the consolidation of print operations and outsourcing.

To some extent the decline in publishing revenue is being offset by strong performances by Australian Radio Network, Adshel and GrabOne. These operations all outperformed the market with gains in revenue, EBITDA and market share. The formation of APN Outdoor as a joint venture leveraged APN's expertise into a well capitalised vehicle. It also improved the balance sheet and created some flexibility to pursue our strategy.

APN strengthened its digital capabilities through the acquisition of 82% of online shopping club brands Exclusive and increasing equity in GrabOne to 100%. The focus now is to drive the performance of the ventures and link them to each other and to APN's publishing, radio and outdoor assets.

The Company reduced net debt by \$180m in 2012. Our intention is to reduce debt again this year by \$40-\$50m through organic cash generation, active management of the cost base and some asset sales. As part of the debt reduction program the Board decided not to pay a final dividend for 2012.

Revenue for the year was \$929m and EBITDA¹ was \$156m. Net profit after tax and before exceptional items was \$54m. Impairment charges of \$638m against publishing assets in Australia and New Zealand were recognised during the year. After taking these into account, together with the gain arising on the disposal of APN Outdoor and other exceptional items, the statutory net loss for the year was \$456m.

Board renewal

There have been a number of changes to the Board over the past year.

Gavin O'Reilly resigned as Chairman in April 2012 when he stepped down as CEO and Managing Director of Independent News & Media plc (INM). Peter Hunt was appointed Chairman in July 2012. Paul Connolly was appointed as a Non-Executive Director in October 2012.

On 18 February 2013, the Company announced the resignation of Peter Hunt along with that of CEO and Managing Director, Brett Chenoweth and three independent directors, Melinda Conrad, John Harvey and John Maasland.

The recent Board resignations were triggered by a difference of opinion on how APN should reduce its debt levels.

On behalf of the Board I would like to thank Peter Hunt, Melinda Conrad, John Harvey and John Maasland for their contribution to APN.

I would also like to acknowledge the contribution of CEO Brett Chenoweth, who was at the helm of APN during two of the most challenging years the Company has experienced. Brett approached his role with determination and clarity, providing leadership when it was most needed. We thank Brett for his service and wish him well for the future.

¹ Before exceptional items.



It is important to emphasise the strength and diversity of APN's businesses. We have valuable brands that generate significant cash flows and profits for shareholders.

APN has commenced a search for a new CEO and additional Board members. We are committed to increasing the number of independent Directors.

Pending these appointments the Company is currently being overseen by a leadership team comprised of myself, Deputy Chairman Ted Harris and Chief Financial Officer Jeff Howard.

It is important to emphasise the strength and diversity of APN's businesses. We have valuable brands that generate significant cash flows and profits for shareholders. While there is much discussion about the structural changes to newspapers, it is worth reminding shareholders of the strong market positions of our regional newspapers and the critical role they play in providing local relevant news and information for their communities. The New Zealand Herald continues to be New Zealand's leading publication.

While the challenges the Company faces are ongoing, they are in no way insurmountable. You have the assurance of the Board and senior management that every effort will be made to maximise performance.

I would like to thank all APN employees for their dedication and commitment to their roles. It is a difficult but exciting time to be involved in the media industry, and many have chosen a career in media because of the unique challenges it presents.

I would also like to thank you, our shareholders, for your ongoing support and belief in the Company. I look forward to updating you at the Annual General Meeting on 2 May 2013.

A handwritten signature in blue ink, appearing to read 'Peter Cosgrove'. The signature is stylized and fluid.

PETER COSGROVE
Chairman
14 March 2013

AUSTRALIAN REGIONAL MEDIA

Essential, Local, Evolving



APN IS A KEY PUBLISHER IN REGIONAL QUEENSLAND AND NORTHERN NSW with a portfolio of 12 daily newspapers, more than 56 non-daily newspapers and over 30 websites.

Australian Regional Media (ARM) titles represent over half of all regional daily newspapers sold in Queensland. Every week ARM engages with almost 1.1m people via print, online and mobile with 21% engaging with two or more platforms. Its newspaper brands have played an integral role in regional communities, some for more than 150 years. ARM's vision is to be an essential part of people's daily lives.

ARM also operates five commercial printing sites and APN Educational Media.

ARM is pursuing a strong change agenda to ensure success in a digital era and in response to the challenging trading environment. The aim is to develop a simpler, more profitable business.

In late 2012, ARM overhauled the management structure of 20 geographically distinct sites and now manages them as five key regional areas. This removes duplication, creates headroom for investment and improves overall capabilities.

ARM's ongoing sales transformation program continued to increase effectiveness and better serve its clients. Investments in technology, mobility solutions and self-service solutions are being introduced to drive greater efficiencies.

Digital capabilities were improved with the relaunch of 30 websites, transforming them from basic news sites to vibrant community hubs brimming with local news, information and conversation. The design reflects extensive research to ensure the sites meet the needs of local audiences and businesses.

ARM restructured its editorial teams with an emphasis on publishing news as it happens on the digital sites and then developing it for use on different platforms. The team also created new content verticals such as business, mining and food. The result is a more streamlined operation producing more relevant content for each platform and audience segment.

The digital first sites in Coffs Harbour and Tweed Heads delivered an EBITDA improvement of \$2m on a lower revenue base.

Deteriorating advertising markets had a substantial effect on ARM's revenue. 2012 revenue was \$249m, down 10% and EBITDA was \$39m, down 30%.

The greatest impacts were the slowdown in Queensland's mining sector which reduced employment advertising and the decline in Federal and State government advertising. Excluding these factors, the decrease in advertising revenue was 4%.

ARM reduced its cost base and delivered a range of product initiatives, but it was not able to offset the advertising decline.

The cost reduction program is ongoing. In the year ahead, ARM will continue to streamline its operations and further centralise and outsource back office services. Opportunities to consolidate the commercial print operations will also be pursued.

Investments will be made in select products including local digital solutions as well as technology and training to improve performance.

The floods in January and February 2013 have caused significant disruption across much of the region. The full financial impact for ARM is still being assessed.

NEW ZEALAND MEDIA

The more you know, the better



The New Zealand Herald

10.09.12
A new dawn

Welcome to your compact NZ Herald

Souvenir edition

APN IS NEW ZEALAND'S LEADING PUBLISHER with a portfolio of newspaper, digital and magazine titles that engage with almost 2.7m people every week. It has the country's most influential and engaging brands including The New Zealand Herald, nzherald.co.nz, the New Zealand Woman's Weekly and the New Zealand Listener.

A total 1.4m New Zealanders connect with The New Zealand Herald brand across print and online every week and this audience has shown double digit growth over the last five years. Recognised for its comprehensive, in-depth coverage of international, national and local events, readership of the Herald print product is more than double any other daily newspaper in New Zealand.

New Zealand Media (NZM) titles have won Newspaper of the Year at the Canon Media Awards for the last five years and the Herald's website continues to win numerous awards in New Zealand and internationally.

In the last 12 months, NZM has successfully delivered a major rejuvenation program to help counter the structural changes occurring in media and the prolonged, weak advertising markets.

At the heart of the program was the relaunch of the weekday New Zealand Herald as a compact, with a new design and approach to content and deeper digital integration. Representing one of the most significant changes in the Herald's 150 years, the compact Herald has been embraced by readers and advertisers. nzherald.co.nz was also refreshed which has driven increased revenues.

Regional titles have been progressively converted to compact format and morning delivery which has increased readership.

NZM has restructured the sales team with a multimedia approach which has strengthened advertising relationships with key clients. It has also launched Food Hub, a digital vertical with content from across APN's portfolio.

However, these positive initiatives have not been enough on their own.

NZM felt the full force of the advertising downturn during the year. Advertising revenues declined 8% with the majority of the shortfall in the display and employment categories. Total revenue was \$287m, down 7% and EBITDA was \$48m, down 24% on a local currency basis.

NZM continued to deliver substantial cost savings during 2012. This included restructures to drive efficiencies in senior management, editorial, online and marketing. Further cost reductions will be made in the year ahead.

NZM has made a strategic decision to focus on its publishing business in the North Island, where more than 80% of New Zealand's population growth will occur over the next decade. A process to sell regional publishing assets in Christchurch and Oamaru is well underway, and the sale of a small chain of Wellington community titles was announced in February 2013.

There is a proposal to outsource most print requirements and retain only one print centre under APN ownership at Ellerslie in Auckland. Other initiatives include consolidating circulation and logistics management, streamlining IT infrastructure and outsourcing the majority of advertising production.

There will also be further product rejuvenation in the year ahead.

A refreshed Herald on Sunday was launched in February 2013. Conversion of the regional titles in Hawke's Bay, Bay of Plenty and Rotoura occurred in March 2013. All of APN's daily newspapers in New Zealand are now compact in format and morning delivery.

The team is accelerating its integrated advertising solutions across print, radio and outdoor and is already achieving good wins from this approach. It is enhancing digital capabilities and building digital transaction revenue. Data analytics capability is being extended to deliver best in class consumer insights to maximise advertiser campaigns.

RADIO

Talent, Successful, Growing

APN OPERATES TWO SUCCESSFUL RADIO BUSINESSES in a joint venture with Clear Channel. Australian Radio Network (ARN) and The Radio Network (TRN) in New Zealand delivered total revenues of \$227m, up 2% and EBITDA of \$65.9m, up 2% on a local currency basis.



MIKE HOSKING
WEEKDAYS 6AM - 8.30AM

Australian Radio Network

ARN is one of the leading broadcasters in the commercially important 25-54 demographic reaching over 4.8m listeners. It operates the Mix and Classic Hits networks across Sydney, Melbourne, Adelaide and Brisbane. ARN also broadcasts The Edge 96.1 in Sydney and owns a 50% interest in 93.7FM in Perth as well as a 50% interest in Canberra FM Radio.

ARN performed strongly in 2012, increasing market share by 7%. While the Australian radio market was down 1%, ARN revenue was up 5% to \$140m and EBITDA up 7% to \$51m. As at February 2013, ARN has exceeded market revenue growth for 20 consecutive months.

During 2012, ARN achieved the highest ratings for its target audience, aged 25-54, in five years.

Mix 102.3 in Adelaide remained #1 for every survey and 97.3 in Brisbane regained #1. Melbourne's Mix 101.1 breakfast show, with new hosts Chrissie Swan & Jane Hall, achieved its best ratings since 2004. Sydney's WSFM breakfast duo Jonesy & Amanda achieved the highest ratings in their seven year partnership¹. Jonesy & Amanda also won the Australian Commercial Radio Award for Best On Air Team.

ARN continued its success in digital broadcasting. It launched 'Be Active' radio, a dedicated DAB+ station for SA Health, pop up iHeartRadio 2 Festival station and DAB+ station Mix 90's. Chemist Warehouse Remix, created by ARN and Quattro Group, won the Australian Commercial Radio Award for Best Sales Promotion. ARN won the Australian Commercial Radio Award for Best Digital Radio Format - Short Term for Christmas pop up station Elf Radio.

In October, ARN and TRN announced they will launch iHeartRadio in Australia and New Zealand.

iHeartRadio is the fastest growing digital radio platform in the United States with 48m users since launch in 2008². It delivers instant access to over 1,000 FM, AM and digital only radio stations, plus user created custom stations inspired by favourite songs and artists.

In January 2013, Mix launched Sydney's only all female breakfast show with Sami Lukis & Yumi Styne as well as new drive show Rosso on Mix in Sydney and Melbourne.

The Radio Network

TRN operates the #1 national network, Newstalk ZB, and has three of the top five national networks, Newstalk ZB, Classic Hits and Coast. TRN's other networks are ZM, Hauraki, Flava and Radio Sport. 1.34m New Zealanders tune in to TRN's stations each week, with a steadily increasing audience engaging with the brands online.

In 2012, the New Zealand radio market was flat. TRN's revenue was \$87m, down 2% and EBITDA was \$15m, down 12% on a local currency basis. The results reflect, in part, costs associated with restructuring the management team, a weaker direct sales performance plus investment in content, marketing and digital capabilities.

New CEO Jane Hastings started in September and is driving a program of change to rebuild TRN. A business review has resulted in a restructure of the management team, including a number of new senior appointments. The sales team has been reorganised and new strategies are driving improvements in performance.

Increasing TRN's digital capabilities was a strong focus for the year. This included further developing mobile, video and social products, hosting exclusive video content from the radio brands and creating apps to monetise social media. Digital revenue grew 26% and a record 50% of the sales force sold digital campaigns.

TRN invested in proven talent during the year with Martin Devlin joining the Hauraki rock network and Jason Gunn joining the Classic Hits drive show. Newstalk ZB also refreshed its weekend line up.

Newstalk ZB won a gold medal for its coverage of the Christchurch earthquake at the New York Festivals International Radio Program and Promotion Awards, and Newstalk ZB breakfast host Mike Hosking was named Best Talk and Current Affairs Host at the 2012 New Zealand Radio Awards.

In terms of ratings, Newstalk ZB remains #1 station nationally and Newstalk ZB host Mike Hosking continued to lead the breakfast ratings. Coast moved to #1 music station nationally with a record audience share. However, TRN's share of 10+ listeners dropped from 44.9% to 43.3%³.

The focus for 2013 is to rebuild TRN into a leading media business with enhanced content, sales and iHeartRadio as high priorities to deliver an improved profit performance.

In January 2013, TRN relaunched Radio Hauraki with a new brand, music and talent line up. High profile talent Jack Tame has joined Newstalk ZB and Andrew Mulligan will join Radio Sport mid-year.

1 Nielsen Radio Ratings 2012.

2 <http://mashable.com/2013/02/13/music-services-compared-2/>

3 Research International Radio Audience Measurement Surveys 2-2012, October 2012.

OUTDOOR

Digital, Strategic wins,
Interactive

APN'S OUTDOOR GROUP CONSISTS OF APN OUTDOOR, ADSHEL AND HONG KONG OUTDOOR which are all joint ventures. In 2012, these businesses generated total revenues of \$389m, up 5% and EBITDA of \$69m which is consistent with last year.



In Australia, the outdoor market was up 2% demonstrating its resilience in challenging economic conditions. However, in New Zealand, the outdoor market was down 19% accentuated by Rugby World Cup comparisons for billboards in particular.

APN Outdoor

APN Outdoor offers creative outdoor advertising on an extensive network of large format billboard, transit (bus, tram, rail) and airport assets. APN Outdoor was established as a joint venture with Quadrant Private Equity in May. Full year revenue was \$208m, down 3% and EBITDA was \$30m, down 19%.

During 2012, APN Outdoor reinforced its position as the leader in transit advertising in Australia, renewing exclusive advertising contracts for bus fleets with the NSW State Transit Authority, the South Australian Government and the Brisbane City Council. Marking a new milestone in its relationship with CityRail, APN Outdoor sold 'on train' advertising for the first time on CityRail trains.

It also secured advertising rights to Virgin Australia's Brisbane terminal, becoming APN's fifth airport contract in addition to Sydney, Perth, Canberra and Christchurch airports.

APN Outdoor remains at the forefront of rolling out large format digital billboards in Australia with billboards already at a number of landmark sites. During the year it established Brisbane's first premium digital billboard and received approval for another two. APN Outdoor has recently created a specialist digital team and will continue to expand its portfolio in the new year. APN Outdoor also strengthened its senior management team during the year and refreshed its brand.

Adshel

Adshel specialises in advertiser funded street furniture solutions and has over 16,000 advertising panels across bus and tram shelters and railway networks in Australia and New Zealand.

Adshel works with agencies and advertisers to deliver high impact campaigns. These range from successive or synchronised panels that dominate an area, to digital panels using technology like touch screens or QR codes that enable consumers to interact with brands.

2012 was a record year for Adshel with revenue of \$143m, up 17% and EBITDA of \$35m, up 29%. It also made strong gains in market share. This success was driven by a number of factors including strategic contract wins in 2011, improved sales strategy and a stronger market proposition. It also offered greater flexibility in its advertising cycles which created opportunities for tactical campaigns and increased its success in a short market.

A video ethnography on 'a day in the life' of nine consumers across key audience segments gave Adshel the opportunity to showcase its insights on consumer behaviour with agencies. Other research allowed Adshel to capture the uplift in sales created by one of its advertising campaigns.

Highlights during the year included winning Media Sales Team of the Year at the Umbrella Awards and the Adshel Creative Challenge, which saw the best creative talents in Melbourne gather to come up with an effective outdoor advertising campaign to help not for profit organisation, Step Back Think.

In February 2013, Adshel reignited its brand 'look and feel' to better reflect its culture and products.

Hong Kong Outdoor

In APN's Hong Kong Outdoor division, Cody offers premium billboard advertising and Buspak provides exterior and multimedia bus advertising. Revenue for Hong Kong Outdoor was A\$39m, up 17% and EBITDA was A\$4m, down 16%.

The billboard business performed well with revenue up 20% year on year. Hong Kong's tunnels remain the key focus while also diversifying the billboard portfolio downtown.

Exterior bus advertising improved throughout the year after a slow start. Webus (wifi on buses), was expanded to 300 buses during the year. Usage increased 64% and members increased 45%. The focus is now monetising the product via advertising and transaction platforms.

In July 2012, Buspak won a contract to provide Buzplay (onboard TV), for buses in Hong Kong. This has delivered incremental revenues but negatively impacted EBITDA due to product development.

Integrated campaigns across wifi, onboard TV and bus exterior are a key priority for the coming year.

DIGITAL

Agile,
Entrepreneurial,
Focused

APN STRENGTHENED ITS DIGITAL VENTURES PORTFOLIO during 2012 increasing equity in GrabOne from 75% to 100% and acquiring 82% of brandsExclusive.



The key digital ventures, GrabOne, brandsExclusive and CC Media, provide APN with the core transactional platforms and capabilities it needs in Australia and New Zealand.

The focus now is to create value by driving organic growth in the key ventures and linking them with each other and with APN's other media assets.

The digital ventures generated strong revenue growth in 2012 and are expected to make a material contribution to APN's revenue and earnings in 2013.

GrabOne

GrabOne continues to lead the group buying market in New Zealand with approximately 75% market share. GrabOne achieved excellent results with revenue of \$14.8m, up 93% and EBITDA of \$4.4m, up 7 times.

Membership grew 40% over the last year to more than 1m members. GrabOne sold 3.1m coupons, an increase of 46%, and featured more than 15,000 merchants. Gross coupon sales exceeded \$74m.

GrabOne has now become an integral part of everyday life for a significant number of New Zealanders, with one purchase taking place every 15 seconds, 24 hours a day, 7 days a week. GrabOne has saved its members more than \$300m to date and counting. It has also responded to the changing habits of consumers with up to a third of all purchases now taking place on a mobile device, making it one of the leading mobile commerce businesses in New Zealand.

In the 2.5 years since launch, GrabOne has transitioned from start up to a successful profitable business with a strong management team and strategy. In February 2013, Vaughan Magnusson was appointed CEO following a decision by founding CEO Shane Bradley to step down. Vaughan had been CFO and a key member of GrabOne's leadership team since launch.

Initiatives for 2013 include launching new product verticals and new platform features.

brandsExclusive

brandsExclusive is an online shopping club which partners directly with premium brands to offer exclusive sales to members with heavy discounts off recommended retail prices. It is one of the leading eCommerce businesses in Australasia. Full year revenue was \$57.0m, up 13%, and EBITDA was a \$4.2m loss, which includes \$3m investment in growth initiatives.

Growth initiatives since acquisition by APN in June include acquiring 500,000 new members below target cost, bringing total membership to 2.4m, and launching in New Zealand with significant membership growth from GrabOne.

In addition, brandsExclusive introduced the operational capability for customers to buy from multiple sales in a single transaction. This was a first in Australia and has increased average spend by 15%. APN's radio, outdoor, print and digital assets have contributed to building brand and driving sales conversion.

brandsExclusive has been recognised as one of the fastest growing businesses in Australia, ranking number five in the BRW Fast Starters list for 2012 and receiving the Online Retail Industry Award for Best Mobile Commerce 2012. It also won the 2012 Deloitte Technology Fast 50 Award for the fastest annual revenue growth of a private or public company in Australia over the last three years.

In recent months, there has been a focus on increasing the conversion of membership to sales and stronger revenue and earnings growth is expected in 2013 as a result.

For 2013, the key priorities are member retention and conversion. Continuing member acquisition remains important.

CC Media

CC Media enables retailers to engage with consumers by distributing digital retail catalogues via its powerful iNC network that reaches over 3.8m consumers every month.

In 2012, CC Media produced solid results with revenue of \$5.2m, up 7% and EBITDA of \$1.5m, up 52%. It acquired key new customers including David Jones, Ikea and The Good Guys and launched in New Zealand.

CC Media expanded its mobile offerings and mobile campaigns, which now account for 40% of volume. The business strengthened its senior team, bringing in new capabilities and laying the foundations for succession planning.

In 2013, CC Media plans to diversify its product range and enhance its distribution network with a focus on mobile devices. It will drive growth in New Zealand in partnership with the New Zealand Media sales force and pursue deeper integration with APN businesses, particularly in relation to sales force opportunities and data synergies.

CORPORATE SOCIAL RESPONSIBILITY

APN AND ITS BUSINESSES SUPPORTED MANY CHARITY AND COMMUNITY INITIATIVES IN 2012.

Making a meaningful contribution: Charity

APN was a major sponsor of the Australian Children's Music Foundation, which provides music lessons and instruments to disadvantaged children in schools and juvenile detention centres.

Adshel, APN Outdoor and Australian Radio Network (ARN) were sponsors of the Sydney Children's Hospital Gold Week Telethon. A highlight was the involvement of WFSM's Sydney breakfast team, Jonesy & Amanda, who raised funds for a music therapist for the hospital.

Adshel and APN Outdoor took part in the national 'Wall of Hands' campaign for the Australian Literacy and Numeracy Foundation. Their donation of outdoor advertising helped to raise money for the development of life-changing programs for children in remote areas of the Northern Territory.

Adshel donated street furniture advertising to the charities R U OK?, Open Families Australia and the Royal Institute for Deaf and Blind Children during its Christmas promotion. These campaigns will take place during 2013.

The Radio Network (TRN) supported more than 25 different charities with sponsorships and advertising including the Fred Hollows Foundation and Canteen. During National Breast Cancer Awareness Month, ARN partnered with Warner Music to run a month of music dedicated to women. Album sales of female singers featured by ARN at this time included a donation to the National Breast Cancer Foundation.

The New Zealand Herald provided advertising to many local and national charities. A highlight was its partnership with the Starship Children's Hospital to promote its 2012 Christmas Album fundraiser. nzherald.co.nz promoted the appeals of a range of charities at no cost, such as the Auckland City Mission and Daffodil Day.

The Herald also donated cash to the Auckland Ronald McDonald House, which creates and supports programs to help children live happier, healthier lives.

GrabOne supported telephone counselling service Kidsline and brandsExclusive provided clothing donations to OzHarvest to assist in their efforts to feed and now clothe the homeless.

Getting the message out there: Community

APN's radio businesses play an important role in their communities through the broadcast of community service announcements. In 2012, the benefit of ARN's contribution went to over 170 community, local and national organisations.

The Herald provided 1.4 million newspapers to families with secondary school children in low decile schools in Auckland as part of its 'At Home with the Herald' literacy program.

The Herald sponsored the Auckland Santa Parade, a free community event attended by 200,000 people annually, as well as several community fundraising events with key advertisers, such as the Countdown Charity Golf Day.

Australian Regional Media (ARM) supports a large number of local community events and charities across its regions by providing significant sponsorship and advertising throughout the year. As an example, ARM conducted a multi-newspaper campaign for the RACQ Capricorn Helicopter Service, which raised awareness of their vital work in the Rockhampton area.

ARM continued its Adopt-A-Family Christmas initiative, which provides gifts and food to hundreds of local families, while TRN hosted its annual Special Children's Christmas Party, providing entertainment and gifts for over 5,000 sick or underprivileged children across New Zealand.

Creating unique spaces: Culture

New Zealand Media sponsored various cultural organisations and events in 2012. It was the main sponsor of the Auckland Philharmonic Orchestra, which delivers an annual orchestral program and conducts outreach activities to local schools. The Herald also supports the Auckland Writers and Readers Festival and NZ Sculpture OnShore.

APN Outdoor continued to sponsor unique events through its long-standing partnerships with the Sydney Opera House, Sydney Festival and St George Open Air Cinema, while brandsExclusive became a principal sponsor of the Opel Moonlight Cinema.

Keeping it clean: Broadcast standards and sustainability

The importance of the broadcast integrity of radio stations was highlighted during the year. All ARN and TRN staff are trained each year in accordance with the relevant broadcast standards and codes in place at the time. In 2012, TRN tightened its policy on certain content, including prank calls, and implemented a strict approval protocol before such content is broadcast on air or on any digital platform.

APN's publishing businesses invest in the continual improvement of the environmental impact of their businesses. In Australia, APN is a member of the Publishers National Environment Bureau, which has assisted the country to recycle approximately 78% of available newspapers - one of the best records in the world. In New Zealand, APN's print sites belong to the environmental certification program 'Enviro-Mark', which helps participants to identify and reduce their environmental impact and save money. Further, APN's newspapers are printed on paper that is either fully recycled or made from the waste of milled logs and APN's print sites recycle all unused paper.

Adshel and APN Outdoor both recycle the majority of their advertising posters and are constantly looking for sustainable alternatives such as solar powered bus shelters and water-saving cleaning methods.

PEOPLE AND CULTURE

APN HAS ACHIEVED A SIGNIFICANT RISE in employee engagement through investing in initiatives such as leadership development, reward and recognition systems and workplace improvement ideas.

A note on the recent floods

APN would like to acknowledge and thank the teams at Australian Regional Media (ARM) for their efforts to keep local communities informed during the recent floods in Queensland and northern NSW. The teams overcame some remarkable challenges to ensure that newspapers were printed and delivered, while ARM's digital and social media became a critical source of information as phone and email coverage faltered. The commitment and upbeat spirit of the teams in such adverse conditions is inspirational.

Learn, Lead, Perform

APN conducted its second Executive Leadership Development Program in collaboration with the Queensland University of Technology. This program aims to strengthen the capabilities of current and potential leaders across APN through a combination of residential sessions, ongoing team projects and personalised coaching.

APN's Fast Track Program continued in 2012, with the second cohort successfully completing a full year of projects across the Company. The two year program is designed to give participants experience in a variety of APN's businesses while providing a meaningful contribution to the teams that they work with.

Australian Radio Network (ARN) rolled out its Future Leaders Program for high performers and continued its study assistance program. The Radio Network also conducted a comprehensive leadership training program. Sales transformation and training remained a key focus across APN in 2012.

Values, Recognition, Reward

Emphasising team values and using innovative ways to recognise and reward people was a theme across many of the businesses.

ARM refreshed its vision and values and launched PeoplePLUS, an online rewards system linked to these values. In its first three months, PeoplePLUS was accessed by over 50% of employees who made over 500 nominations.

Adshel continued its Core Value project, which featured one core value every two months and rewarded a 'Core Value Champion' nominated by staff. Similar initiatives in other divisions included ARN's 'Radar' Awards, APN Outdoor's 'Spirit' Awards, brandsExclusive's 'WOW' Awards and GrabOne's 'GrabStars'.

In addition, ARN distributed 'Big Red Toolkits' to managers to recognise and reward their teams.

Assistance and Engagement

ARM and New Zealand Media continued their Employee Assistance Program in 2012, which provides staff with continuous access to a confidential counselling service.

Adshel offered its Good Health - Good Futures Program to all staff for the fifth year. Under this program, participants are provided with a comprehensive health check and full evaluation report by Health Futures.

The results of APN's third annual engagement survey found APN was in the top 25% of organisations for improved engagement over a three year period, reflecting the importance of the people and culture initiatives.

FIVE YEAR FINANCIAL HISTORY

	2012 \$'m	2011 \$'m	2010 \$'m	2009 \$'m	2008 \$'m
Income Statement					
Total revenue	929	1,072	1,059	1,031	1,226
EBITDA ¹	156	209	244	230	320
EBIT ²	123	171	205	189	279
Adjusted net profit ³	54	78	103	94	143
Statutory net (loss)/profit	(456)	(45)	94	93	(24)
Balance Sheet					
Equity excluding non-controlling interests	406	879	962	933	816
Total assets	1,347	1,998	2,163	2,203	2,323
Total bank borrowings	486	669	720	783	968
Statistical Analysis					
EBITDA/total revenue	16.8%	19.5%	23.1%	22.3%	26.1%
Total bank borrowings/EBITDA	3.1	3.2	3.0	3.4	3.0
Earnings per share - basic (cents) ⁴	8.4	12.6	17.2	17.0	28.3
- diluted (cents) ⁴	8.4	12.6	17.2	17.0	28.3
Dividends per share (cents)	1.5	8.5	12.0	4.0	22.5
Dividend payout ratio ⁵	18%	67%	70%	25%	79%
Interest cover based on EBITDA (times)	3.9	3.7	4.9	4.5	4.2
No. of shares on issue ('000)	661,527	630,211	606,084	595,312	490,413
No. of shareholders	9,546	9,419	9,891	11,138	11,593
Market capitalisation (\$'m)	165	447	1,176	1,381	1,216
Market price per share at 31 December	\$0.25	\$0.71	\$1.94	\$2.32	\$2.48

1 Profit before exceptional items, interest, tax, depreciation and amortisation.

2 Profit before exceptional items, interest and tax.

3 Net profit after tax before exceptional items.

4 Earnings per share are before exceptional items and have been restated for prior years for the bonus element of the pro-rata entitlement offer in 2009.

5 Before exceptional items.

CORPORATE DIRECTORY

Notice is hereby given that the Annual General Meeting of members of APN News & Media Limited will be held at The Four Seasons Hotel, 199 George Street, Sydney NSW 2000 on Thursday, 2 May 2013 at 11am.

APN News & Media Limited
ABN 95 008 637 643**Directors**

PM Cosgrove (Chairman)
AE Harris (Deputy Chairman)
P Connolly
VC Crowley
KJ Luscombe

Secretary

Y Lamont

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Auditors

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201 Sussex Street
Sydney NSW 2000

Principal bankers

ANZ
Commonwealth Bank
HSBC
National Australia Bank
RBS
Westpac Banking Corporation

Relationship of the Shareholder Review to the Annual Report

The Shareholder Review is an extract from the Annual Report for the year ended 31 December 2012. The financial information and specific disclosures included in the Shareholder Review have been derived from the Annual 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 & Media Limited and its subsidiaries as the Annual Report. Further financial information can be obtained from the Annual Report.

The Annual Report will be sent to shareholders on request, free of charge.

To request a copy, please call:
(Australia) 1300 553 550
(New Zealand) 09 375 5998
(International) +61 2 8280 7142

Alternatively, the Annual Report and the Shareholder Review are on www.apn.com.au.

APN News & Media Limited is a company limited by shares, incorporated and domiciled in Australia and is listed on both the ASX and NZX.

