

APN SHAREHOLDER REVIEW

2010

Northern Star
Mail (Tweed/Border, Classic Hits, GOOD TIMES)
 Byron Shire News
NORTHERN DOWNS NEWS
Bribie Weekly
Caboolture News
Island News (G. MAINLAND)
The Advocate (MIX 106.3, The Community)
The Western Star
HERALD (BLACKWATER)
Cruise 1323 AM
echo
gold coast mail
guardian
Coastalviews
Dalby Herald
Weekly (Werwick)
MicWeek (Rodeo)
The Recorder
Times (NOVA 93.7)
QT
CITYLIFE
ADSHEL
GrabOne
Maroochy Weekly
Rivertown Times
MINERS MicWeek
Chronicle (FRASER COAST)

BEACON
Classic Hits (GOLD 104.3)

90.0 FM
APN
creme
EasyLife
YOU (88.4 FM)
Advocate (81.8 FM)
style (87.4 FM)
flava (88.4 FM)
The New Zealand Herald
Wairarapa Times-Age
heraldcommercial
property.co.nz
Wanganui Chronicle
ADSHEL
LISTENER (90.9 FM)
90.5 FM
ZM (Today's Hit Music)
Chronicle (93.9 FM)
YOU LIVING
COAST
Newstalk ZB
Weekend Herald
heraldmovies.co.nz
1504 AM
New Zealand
eventfinder
coast (93.3 FM)
nzherald.co.nz
HERALD on SUNDAY
adhub
RADIO SPORT
radio network
95.8 FM



NEWS & MEDIA

APN OUTDOOR & ADSHEL / BALLINA SHIRE ADVOCATE / BALONNE BEACON / BAY NEWS / BAY OF
PLENTYTIMES / BESTOFTIMES / BIG RIGS / BLACKWATER HERALD / BRIBIE WEEKLY / BUDERIM
CHRONICLE / BUSH TELEGRAPH / BUSPAK (HONG KONG) / BYRON SHIRE NEWS / CABOOLTURE
NEWS / CALOUNDRA WEEKLY / CAPRICORN COAST MIRROR / CENTRAL & NORTH BURNETT
TIMES / CENTRAL QUEENSLAND NEWS / CENTRAL TELEGRAPH / CHB MAIL / CHINCHILLA NEWS
AND MURILLA ADVERTISER / CITYLIFE / CLASSIC HITS / COASTAL NEWS / COASTAL VIEWS
/ CODY (HONG KONG) / COOK STRAIT NEWS / COOLOOLA ADVERTISER / COOLUM & NORTH
SHORE NEWS / COUNTRY NEWS / CREME / CRUISE / DAILY MERCURY / DAILY POST / DAILY
POST WEEKENDER / DALBY HERALD / DANNEVIRKE EVENING NEWS / EASTERN BAY NEWS /
EASYMIX / FINDA / FLAVA / FRASER COAST CHRONICLE / GATTON, LOCKYER AND BRISBANE
VALLEY STAR / GIRLFRIEND / GISBORNE HERALD / GOLD COAST MAIL / GRABONE / GUARDIAN
/ GUARDIAN PALMERSTON NORTH / HAMILTON THIS WEEK / HASTINGS LEADER / HAWKE'S
BAY TODAY / HERVEY BAY OBSERVER / HOROWHENUA CHRONICLE / INDEPENDENT HERALD
/ INSITE / ISIS TOWN & COUNTRY / ISLAND & MAINLAND NEWS / JET MAGAZINE / KAPITI
NEWS / KATIKATI ADVERTISER / KAWANA WEEKLY / MACKAY & SARINA MIDWEEK /
MAROOCHY WEEKLY / MINERS WEEKLY / NAPIER COURIER LISTENER / NEW ZEALAND
ADVERTISER / NEWS-MAIL / NORTH CANTERBURY NEWS / DOWNS NEWS / NORTHLAND
/ NZ EDUCATION REVIEW / NZ EDUCATION GAZETTE / NZ NURSING REVIEW / OAMARU
MAIL / OAMARU MAIL EXTRA / PEGASUS POST / PORIRUA NEWS / RADIO HAURAKI / RADIO
SPORT / RAINBOW / ROCKHAMPTON AND FITZROY NEWS / RURAL WEEKLY / SELLA / SELWYN
TIMES / SHOREVIEW / SIMPLY YOU / SIMPLY YOU LIVING / SOUTH BURNETT TIMES / STRATFORD
PRESS / STUDY IN NEW ZEALAND SERIES / STYLE / SUNSHINE COAST DAILY / SUNSHINE COAST
SUNDAY / SURAT BASIN NEWS / TAUPO WEEKENDER / TE AWAMUTU COURIER / TE PUKE TIMES
/ THAT'S LIFE / THE ADVERTISER / THE AUCKLANDER / THE CHRONICLE / THE COFFS COAST
ADVOCATE / THE COMMUNITY ADVOCATE / THE DAILY EXAMINER / THE EDGE / THE GYMPIE
TIMES / THE HERALD ON SUNDAY / THE IPSWICH ADVERTISER / THE KOLAN RECORDER / THE
LINK / THE MARYBOROUGH HERALD / THE MORNING BULLETIN / THE NEW ZEALAND HERALD
/ THE NORTHERN RIVERS ECHO / THE NORTHERN STAR / THE OBSERVER / THE QUEENSLAND
TIMES / THE RANGE NEWS / THE REPORTER / THE RICHMOND RIVER EXPRESS EXAMINER /
THE RIVERTOWN TIMES / THE SATELLITE / THE STANTHORPE BORDER POST / THE STAR / THE
WESTERN STAR / THERMAL AIR / TOOWOOMBA'S MAIL / TURANGI CHRONICLE / TWEED DAILY
NEWS / TWEED/BORDER MAIL / VILLAGE PRESS / WAIHI LEADER / WAINUIOMATA NEWS /
WAIRARAPA MIDWEEK / WAIRARAPA TIMES AGE / WAIROA STAR / WANGANUI CHRONICLE /
WANGANUI MIDWEEK / WARWICK & SOUTHERN DOWNS WEEKLY / WARWICK DAILY NEWS /
WESTERN NEWS / WESTERN TIMES / WHANGAREI REPORT / WHITSUNDAY TIMES / ZM

RETURN TO GROWTH

2010

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2011 FINANCIAL CALENDAR

2010 Annual Result announced	25 February 2011
Record date for Final Dividend	10 March 2011
Final Dividend payable	31 March 2011
Annual General Meeting	3 May 2011
2011 Half Year Result announced	18 August 2011*
Interim Dividend payable	28 September 2011*

* Dates are indicative only and are subject to change.

ACTIVE DEVELOPMENT AGENDA

EARNINGS IMPROVEMENT

POSITIONED FOR GROWTH

STRONG CASH FLOW



POSITIVE SECOND HALF



NEW CHIEF EXECUTIVE



CHAIRMAN'S REVIEW



The Board and management team of APN News & Media are pleased to report a return to growth in the 2010 result for your Company and an improved dividend for our shareholders.

After enduring some of the most challenging trading conditions ever experienced in the media industry in recent years, APN's markets bounced back in 2010, reflecting the efforts of our staff, the underlying strength of our market leading businesses and the economies in which they operate. That is not to say that all of our business units and territories have returned to the record trading levels experienced prior to the Global Financial Crisis (GFC), but the diversity and underlying durability of our assets should give shareholders some encouragement.

We have recently announced that the results for the first quarter of 2011 will be significantly impacted by the natural disasters that have occurred recently and the associated delay to the recovery of the New Zealand economy. Despite the tough start, the underlying strength of both APN's brands and APN's leading market positions remains unchanged.

Financial results

Net Profit After Tax (NPAT) of \$103.1 million (before exceptional items and discontinued operations) was up 9.5% on the prior year, and was achieved on an increase in Revenue of 2.8% to \$1,059.1 million. Earnings Before Interest and Taxation (EBIT) were \$205.4 million, up 8.7%.

A Final Dividend of 7 cents per share, when combined with the Interim Dividend of 5 cents per share, represents a 200% increase on the total per share dividend paid for 2009.



APN recorded another strong cost performance, building on significant productivity gains achieved in previous years. As our local economies continue to strengthen, the trading momentum we have built in each of our markets places us well to benefit from recovering market conditions.

Management

In July 2010, it was agreed that the secondment agreement between APN, Independent News & Media (INM) and Chief Executive Brendan Hopkins would end and that Mr Hopkins would leave APN on 31 December 2010. Mr Hopkins led the Company with energy and skill for eight years and, on behalf of all shareholders, I wish to thank him for his contribution over that time.

An extensive search process was undertaken and in October the Board announced the appointment of Brett Chenoweth as Chief Executive Officer. Mr Chenoweth is a senior media, communications and technology executive. He brings just the right blend of operational, digital and strategic experience to lead your Company through its next exciting phase of growth in the rapidly developing multimedia environment.

Under the leadership of Mr Chenoweth and his senior management team, the Company is well poised to respond rapidly and decisively to the many new opportunities as they arise and to drive growth from existing and new markets.

Governance

At the Annual General Meeting of the Company in April 2010, I addressed some perceived issues that a number of shareholders held regarding the governance of your Company. Shareholders should take comfort in the fact that your Board is composed of very able, independently-minded Directors who act always in the best interests of all APN shareholders. Building on that, the Board made a commitment to accelerate its program of Board renewal in a structured, professional and methodical way.

As a consequence, the composition of your Board has changed and it now comprises a smaller Board of nine members, with a majority of independent non-executive Directors.

THE BOARD AND MANAGEMENT TEAM OF APN NEWS & MEDIA ARE PLEASED TO REPORT A RETURN TO GROWTH IN THE 2010 RESULT FOR YOUR COMPANY AND AN IMPROVED DIVIDEND FOR OUR SHAREHOLDERS.

FINANCIAL HIGHLIGHTS FY 2010 – UNDERLYING*

AUD millions	2010	Δ% as reported
Revenue	1,059.1	3%
EBITDA	244.3	6%
EBIT	205.4	9%
NPAT	103.1	9%

Final Dividend per share: 7 cents (2 cents franked)

* Pre exceptional items and discontinued operations.

On behalf of all shareholders, I want to particularly thank retiring Directors Cameron O'Reilly and Donal Buggy. Cameron has been associated with APN since its humble beginnings as Provincial Newspapers Queensland, and led the Company as Chief Executive from May 1996 to July 2000, expanding the business into both radio and outdoor advertising – two core pillars of APN's multimedia approach. Both Cameron and Donal served the Company with great distinction over many years, and we shall miss their invaluable independent advice and strategic leadership. Equally, I wish to welcome John Harvey to the Board and look forward to the Company benefiting from his extensive corporate experience, particularly in the New Zealand market.

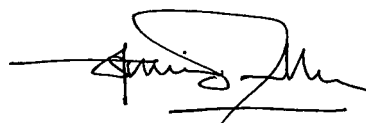
As well as the issue of ongoing Board renewal, the new Board composition assures a majority of independent non-executive Directors and positively responds to the perception that INM may have had excessive influence on APN. In that, it is perhaps significant to note that INM (which continues to own 191.5 million shares in our Company) has confirmed that it will no longer consolidate APN's annual results in its own accounts.

As noted earlier, APN's Board has at all times operated with the best interests of all shareholders in mind, but to paraphrase an old aphorism: corporate governance should not only be done, but should be seen to be done. The important steps we have taken in 2010 are but the start of a program of further Board renewal in 2011 and beyond.

The future

If 2010 was a year of recovery for our markets from the assault of the Global Financial Crisis, then 2011 will be a year of renewal and reinvigoration. Under the strategic leadership of our new Chief Executive Brett Chenoweth, APN will actively explore and develop fresh avenues for growth in the rapidly evolving media landscape. As shareholders in this fine Company, you should reflect on the fact that APN has a high quality portfolio of media assets and a team of highly-credentialed, dedicated and talented media professionals who run them, and on your behalf, I want to thank all of my APN colleagues for their great efforts in 2010.

Finally, I want to especially thank you, the shareholders, for your continued support. Our improved Final Dividend of 7 cents per share for 2010 (of which 2 cents per share is franked) and will be paid on 31 March 2011 – while not yet back to historic levels – is, I think, a positive testament to the Board's view of our prospects going forward. I look forward to reporting on the Company's strategic and operational progress at our Annual General Meeting on 3 May 2011.



GAVIN K O'REILLY

Chairman
22 March 2011

WE ARE TAKING STEPS TO ENSURE THAT APN IS STRATEGICALLY POSITIONED TO TAKE ADVANTAGE OF THE OPPORTUNITIES IN THE CHANGING MEDIA LANDSCAPE.

It is a pleasure to report to you as the new Chief Executive Officer of APN News & Media.

It has been a testing start to the year. First, the floods which devastated a large part of Queensland including Brisbane, then the cyclone in North Queensland, and the tragedy of the earthquake in Christchurch.

I want to acknowledge our staff, who have continued to publish our newspapers, update our websites and keep our radio stations on air to provide a vital service to these communities in need. They have gone above and beyond the call of duty, even though many were suffering losses themselves.

APN's publications have continued to serve their communities during these difficult times, as they have done for the past 150 years.

In Rockhampton, Toowoomba and Ipswich, all seriously affected by flooding, traffic to our news websites spiked, and the sales of The Morning Bulletin (Rockhampton), The Chronicle (Toowoomba) and The Queensland Times (Ipswich) surged.

In the days following the earthquake in Christchurch, the APN team from The Star, writing from a garage, together with the team from The New Zealand Herald worked tirelessly to produce free daily 'emergency editions' of The Star.



In an interview with The Australian, General Manager of The Star, Steve McCaughan said, "For days, most people in this city didn't have power – no TV, no radio, no internet. The only news and images they were seeing were in the local newspapers." He went on to say, "It also goes to show once again that media companies can have all the new technology in the world, but without a great team, none of it can happen."

This approach goes to the very essence of good media, and while I believe in harnessing technological change, these tragedies show the relevance and ongoing importance of print as a news medium, particularly for local markets.

Driving momentum

The 2010 result marked a return to growth for APN News & Media. The sturdy Revenue growth of 3% reflects the resilience of APN's diverse portfolio of media assets and is indicative of our markets emerging from the financial crisis. In particular, APN Outdoor delivered an outstanding result and we are looking forward to continued growth in this sector. Our radio businesses in Australia and New Zealand are improving their market share, with the investment in programming and marketing initiatives producing improving returns.

APN has a unique blend of media assets and market leading positions in both Australia and New Zealand. It is a strong cash generator and the core businesses provide a robust platform for the next stage of growth as the economy strengthens and the advertising up cycle continues.

We are increasingly looking at our business from a digital perspective. APN has not made the same investment in digital capabilities that other media companies have made. We intend to address that and develop a strong digital presence through partnerships, organic growth and acquisition.

That is not to downplay APN's existing digital offerings. The nzherald.co.nz website, the iPad application for The New Zealand Herald, the iPhone application for the Australian Radio Network as well as our Australian regional platforms are first class. We have also been delighted with the success of the digital coupon business GrabOne, which is currently the leading business of its kind in New Zealand. In October 2010, GrabOne launched in Australia and in January 2011, APN increased its shareholding in GrabOne from 50% to 75%.



We are taking steps to ensure that APN is strategically positioned to take advantage of the opportunities in the changing media landscape. We have developed a clear set of priorities that will realign APN's direction in the coming months.

These are:

- driving operational excellence across our businesses, delivering best-in-class operating performance while growing our revenue base;
- delivering earnings momentum in the existing business portfolio through innovation, strong product development and new business ideas, especially digital offerings; and
- growing by taking bold but measured steps to position APN where the value and opportunity are emerging in the media landscape.

Positioning for growth

It is an exciting time to be a media company.

The options available for people to consume media have never been greater. We have tremendous credibility and depth with our publishing mastheads, delivering high quality content from respected and trusted journalists. These mastheads and the brands they represent will continue to deliver our core products to our markets together with new products that customers demand and value. This includes considering new digital outlets in mobile, video, personalisation, local and social media.

I am supportive of the growth initiatives underway in our radio and outdoor divisions. Our market leading position in outdoor is one built on listening to our customers and successfully adopting to industry change, such as the MOVE outdoor measurement system and leading the way in digital billboards. In radio, we have a strong audience engagement and have significant opportunities to build on this with the positive changes that are occurring across the industry.

The structure and ownership of key media companies are also undergoing significant change. APN is a large and successful media company. We are ready for opportunities as they arise and we are not going to stand still.

I am looking forward to the challenges ahead.

BRETT CHENOWETH

Chief Executive
22 March 2011





APN NEWS & MEDIA'S PORTFOLIO OF NEWSPAPERS, MAGAZINES AND WEBSITES INCLUDES SOME OF THE LONGEST ESTABLISHED AND MOST RESPECTED NEWS BRANDS IN AUSTRALIA AND NEW ZEALAND.

APN News & Media's portfolio of newspapers, magazines and websites includes some of the longest established and most respected news brands in Australia and New Zealand.

Spanning metropolitan titles and major regional dailies, APN publishes newspapers, magazines and websites that are consistently recognised as being at the top in their field.

In Australia, APN operates 14 regional daily newspapers, 60 non-daily and community titles, and the fast-growing Finda network of online communities. It is a network that spans from Coffs Harbour to Cairns and reaches more than one million people each week.

Following the challenging conditions presented by the Global Financial Crisis in 2009, APN's local markets began recovering throughout 2010. This was particularly evident in the mining regions in Central Queensland, where exports to resource-hungry China have continued to grow. While there was some softness in Retail advertising, National advertising recorded good growth – up 9% over the prior year. Local businesses continued to support their local newspapers, which are uniquely placed to service their catchments.



Readership of APN's Australian titles remained strong with new group content in entertainment, business and food providing new environments for advertisers.

Print and online publishing was integrated during the year under a single structure that oversees sales and production across multiple platforms. By bringing both sides of the business under a single organisation, greater efficiencies can be achieved in handling content and in maximising sales revenue. The integrated system performed well during the recent floods in Queensland, with traffic to APN websites spiking by 45% in January to 1.8 million unique browsers.

In New Zealand, APN publishes the country's most read daily newspaper – The New Zealand Herald – together with a portfolio of market leading regional dailies, community titles, magazines and websites.

In 2010, the New Zealand economy showed some signs of recovery from the Global Financial Crisis, though at a slower rate than experienced in Australia. National advertising was resilient, though ongoing uncertainty in consumer confidence did impact on Retail advertising.

As the largest media company in New Zealand, APN continues to build the strength of the Herald brand. In 2010, the Herald had a daily brand audience for print and online combined of 764,000 people, up 12% on the prior year. Over a week, the Herald brand connects with 1.3 million New Zealanders.

The print and online combination is benefiting from increased broadband and mobile penetration and remains a strong growth opportunity for the Company.

The nzherald.co.nz website underwent a major redesign and has built its weekly domestic audience by 34% to 807,000 unique browsers. The strong take-up of the Herald's iPad application also indicated the appetite in the market for well-produced interactive content. The app was part of Apple's launch of the iPad in New Zealand, and has attracted more than 33,000 downloads. This will be an ongoing area of development for the Herald as it explores new ways to distribute and monetise its high quality content.

Daily readership for The New Zealand Herald grew 7% in 2010 to 599,000 – the highest figure recorded by the newspaper in seven years.

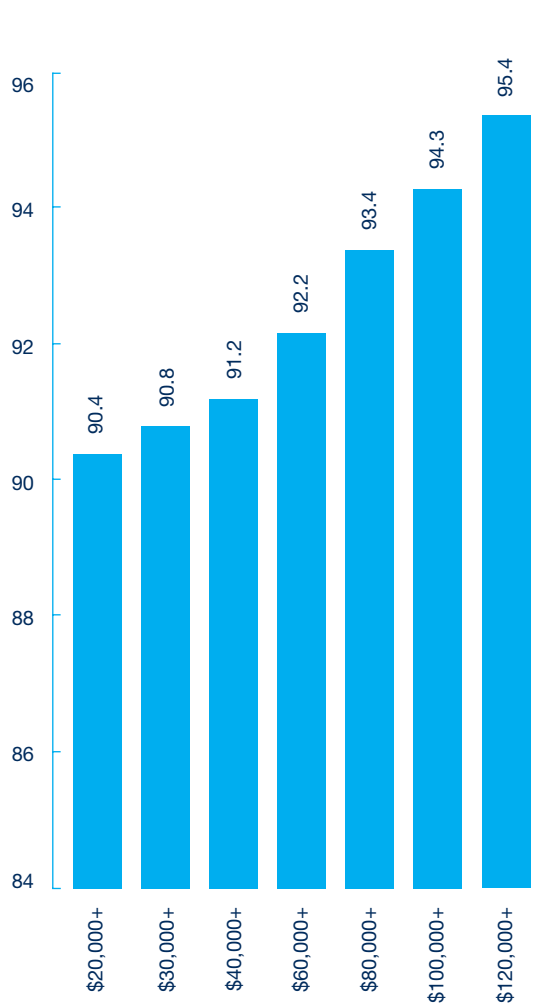
The Herald on Sunday continued its strong growth and remains the leading Sunday newspaper in its core market of the northern region of New Zealand. It was the only Sunday title to grow readership in 2010.

APN's regional titles maintained 60%+ market penetration, with strong readership growth results in Hawke's Bay, the Bay of Plenty and Whangarei.

New Zealand Magazines expanded its market leading portfolio of titles under a licensing arrangement with Pacific Magazines. The addition of New Idea, That's Life and Girlfriend to the APN brands of The New Zealand Woman's Weekly, The Listener, Creme and Simply You will reach an unduplicated audience of 1.5 million readers. At the end of 2010, The New Zealand Woman's Weekly remained the leading newsstand magazine in the country and the best-read mass consumer magazine in the market.

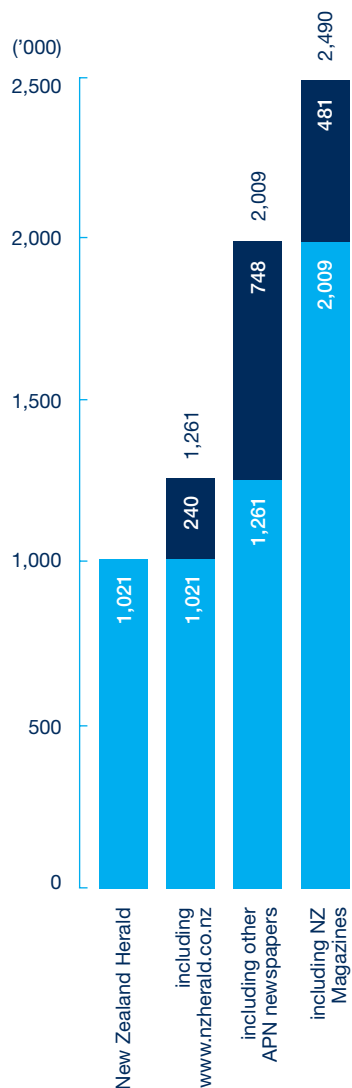


APN News & Media delivers audience quality
% reach in Auckland by annual household income



- APN News & Media provides advertisers with stronger reach into Auckland's higher value households

Publishing + online portfolio reaches 73% of New Zealanders
APN New Zealand Publishing portfolio increases audience



- The combined strength of APN's publishing and online portfolio reaches nearly 2.5 million or 73% of New Zealanders aged 15+, each week

Source: Nielsen Consumer & Media Insights, Jan 10 – Dec 10, unduplicated audience. Newspapers & online based on weekly coverage; Magazines average issue, all people 15+.



APN NEWS & MEDIA IS A LEADING RADIO BROADCASTER IN AUSTRALASIA, WITH AM AND FM BRANDS THAT REACH A COMBINED AUDIENCE ACROSS AUSTRALIA AND NEW ZEALAND OF MORE THAN 5.4 MILLION LISTENERS EACH WEEK.

APN News & Media is a leading radio broadcaster in Australasia, with AM and FM brands that reach a combined audience across Australia and New Zealand of more than 5.4 million listeners each week.

The Australian Radio Network (ARN), a joint venture with Clear Channel, broadcasts across 12 metropolitan FM and AM stations on two networks, Classic Hits and Mix. The two networks target the commercially-important 25-54 demographic.

The radio industry in Australia continued to perform well in 2010, with the overall market growing revenue by 7.8% compared with the previous year. The total audience for Australian radio continues to grow, reaching a cumulative 11.5 million listeners in 2010.

ARN produced a solid second half to the year, lifting revenue by 4.6% over the prior comparable period. The momentum established in that time continued into the new year, with the network producing good ratings results, particularly for the Mix Sydney station.



ARN underwent a significant restructure in 2010 to better position the group for the next phase of industry growth. The new structure, along functional lines, seeks to deliver consistency and improved accountability across the networks in both sales and programming. Initial gains have been encouraging and the networks are well positioned to grow market share in their target demographics as the year progresses.

One example is the investment in programming at the Sydney Mix station, which has been reinvigorated to focus on its target audience, with new presenters on-air and a fresh approach to music programming. Listener feedback has been positive and this market sector represents a significant growth opportunity for the network.

In addition to the on-air brands, ARN is developing new and exciting products that extend the current brands through the online and digital radio channels.

In New Zealand, The Radio Network (TRN) is the country's leading radio broadcaster, with almost half of the audience share. TRN broadcasts across 129 FM and AM stations over eight networks, reaching 1.4 million listeners each week.

After a long period of challenging trading conditions, the radio market in New Zealand experienced encouraging growth in the second half of 2010, up 5% on the prior corresponding period. TRN gained market share in the second half, with a particularly strong result in Agency advertising, reflecting TRN's ability to integrate on-air, on-street and online campaigns. Revenue in the half was up 8.8% in local currency terms, producing EBIT growth of 10.1%.

In an important milestone in securing operational certainty, TRN extended the licence tenure for many of its FM and AM licences for the next 20 years.

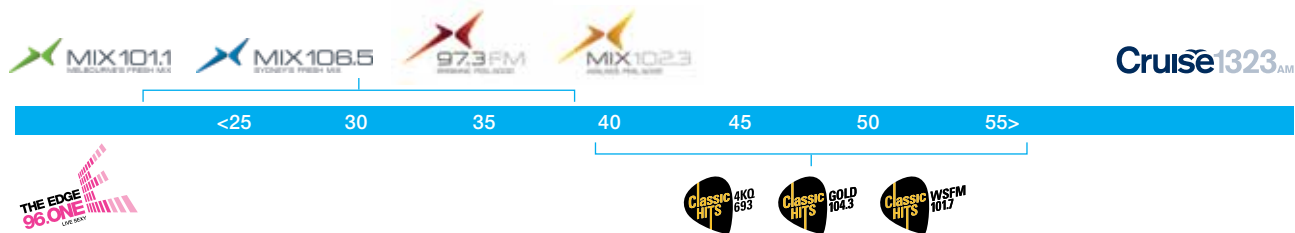
The strength of TRN's brands and operations was evidenced during the year in the wake of the Christchurch earthquake. TRN's market leading news network, Newstalk ZB, played a vital community role in keeping people informed after the earthquake that devastated the Christchurch area. TRN's disaster recovery capability also performed well, with stations back on-air just 25 minutes after the first earthquake hit.

The strength of the TRN brands also extended online, with visitors to TRN websites increasing by 33% and online revenue up 85%.

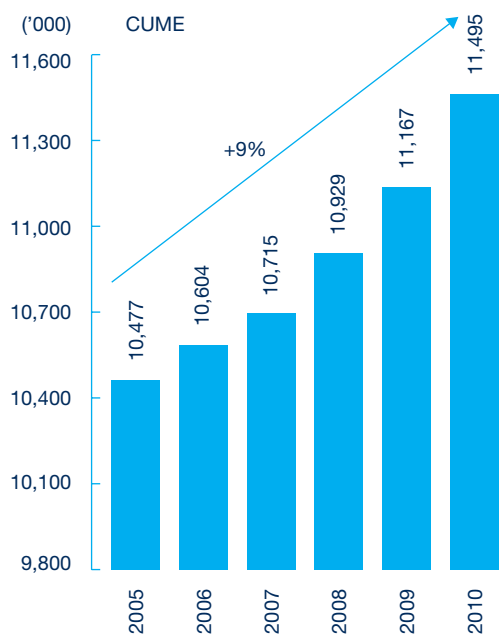
In the commercially-important Auckland market, TRN ended the year with four of the top five stations: Newstalk ZB, Classic Hits, Coast and ZM.



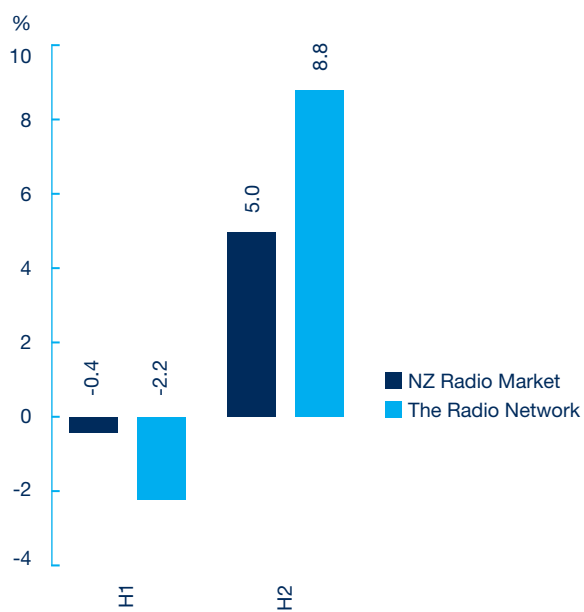
Australian Radio Network – delivering 25-54 year olds



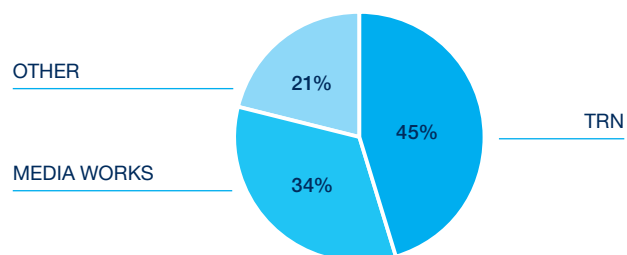
Total Australian radio audience / continued growth



New Zealand Radio advertising revenue 2010



The Radio Network / Auckland Total 10+ Audience Share





APN OUTDOOR IS THE FOREMOST OUTDOOR ADVERTISING OPERATOR IN AUSTRALIA AND NEW ZEALAND, AND WITH LEADING MARKET POSITIONS IN INDONESIA AND HONG KONG.

APN Outdoor is the foremost outdoor advertising operator in Australia and New Zealand, and with leading market positions in Indonesia and Hong Kong.

APN built on its position as the industry leader with a strong return to growth in 2010, with Earnings Before Interest and Tax up 79% to \$28.9 million on Revenue growth of 3.8% to \$238.0 million.

When the sale of APN's former outdoor assets in Malaysia is taken into account, as well as the discontinuance of some contracts in New Zealand and Hong Kong, revenue on a like-for-like basis was up an even more impressive 20%.

In Australia, as the local economy rebounded following the effects of the Global Financial Crisis, advertisers turned to outdoor advertising in record numbers to promote their products. Net revenue for the Australian outdoor industry as a whole grew by 19% to a new record of \$477 million.

APN Outdoor remains the market leader in the major formats of large format (billboards), posters, transit and street furniture. Through a combination of new contracts and product development, APN continued to strengthen its position in the industry.



Investments in new technology generated strong support from advertisers. Digital screens at Sydney Airport and the landmark Young & Jackson building in Melbourne's CBD allow clients to change artwork and target messages by time of day.

The street furniture market leader Adshel, which APN owns in joint venture with Clear Channel, launched a number of interactive campaigns using touch screen panels with Bluetooth downloads, enhancing the connection with consumers. APN also utilised its experience in the transit market to launch a Wi-Fi enabled tram in Melbourne, allowing commuters free access to the internet through a sponsored wireless online service.

Part of the return to growth in Australian outdoor is attributable to the successful launch of the MOVE audience measurement program. APN has been instrumental in the development of the Measurement of Outdoor Visibility and Exposure system (MOVE). More than 60,000 advertising panels in all major formats are measured for 'likelihood to see', which has quickly become the new currency in assessing the effectiveness of outdoor planning. MOVE gives the medium greater accountability through accurate third-party audience measurement, which has given media planners greater confidence in choosing outdoor campaigns.

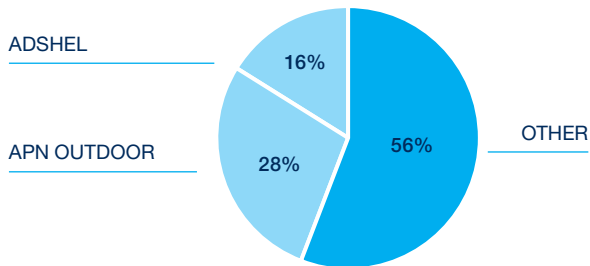
In New Zealand, the local economy has emerged more slowly from the GFC slowdown. However, the market did produce a strong fourth quarter, leading to overall revenue growth of 7.6%, following a 13.5% fall in 2009. APN is the leading large format operator in New Zealand and grew market share as advertising budgets recovered from the GFC cutbacks.

The Rugby World Cup in New Zealand in late 2011 has attracted strong forward bookings and early signs are positive for the market after a period of challenging conditions.

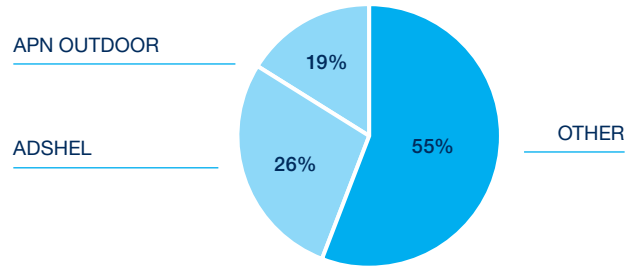
In Asia, APN's large format operations in Indonesia continue to experience strong market conditions with good demand from multinational advertisers. In Hong Kong, where APN operates a leading transit and large format business, the market returned to good growth after a challenging 2009. APN launched 160 Wi-Fi enabled buses, which have been enthusiastically supported by the territory's large commuter population, offering advertisers a valuable extension of their brands.



Market share / Australia



Market share / New Zealand

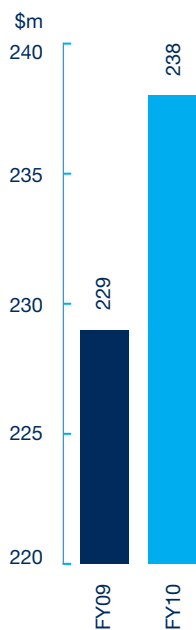


Scope / APN Outdoor

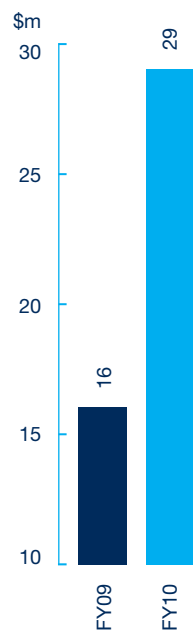
Country	Outdoor format	Brand	Ownership
Australia	Posters	APN Outdoor	100%
	Transit	APN Outdoor	100%
	Large format	APN Outdoor	100%
	Street furniture	Adshel	50%*
	Printing	GSP	100%
New Zealand	Posters	APN Outdoor	100%
	Large format	APN Outdoor	100%
	Street furniture	Adshel	50%*
Asia (Hong Kong)	Transit	Buspak	50%*
Asia (Indonesia)	Large format	Cody	50%*
	Large format	Rainbow	50%

* Joint venture partner is Clear Channel International.

APN Outdoor Revenue 2010



APN Outdoor EBIT 2010





THE INTERNET HAS BECOME A GREAT ENABLER FOR NEW MEDIA OPPORTUNITIES. APN NEWS & MEDIA HAS INVESTED IN ONLINE BUSINESSES, WHICH HAVE THE POTENTIAL TO BROADEN THE COMPANY'S PORTFOLIO OF MEDIA ASSETS.

The internet has become a great enabler for new media opportunities, as well as providing a new channel to our content through devices such as the iPad.

APN News & Media has invested in a number of online businesses, which have the potential to broaden significantly the Company's portfolio of media assets.

GrabOne is a group-buying coupon business that started in New Zealand in 2010. The company motto is *Buy together, Save together* – through combining purchasing power, subscribers get access to large discounts from local businesses.

From a standing start in July 2010, GrabOne has become the leading online group-buying business in New Zealand. The operation expanded into Australia late in the year and together the network has sold more than 500,000 coupons – one every 35 seconds since launch.



A daily offer is emailed to GrabOne subscribers, such as a discount at a restaurant or cheap movie tickets. Once enough people buy the coupon, the deal is activated.

GrabOne leverages the distribution potential of social media sites such as Facebook and Twitter, where it is in the interests of subscribers to encourage as many people as possible to take up each individual offer so the discount can be activated. The viral nature of social media has been a significant driver in GrabOne's growth and success. An iPhone application also enables subscribers to buy paperless coupons, which can be stored on their mobile phones.

The business earns a commission from each coupon sold. The offer to local businesses is a natural extension of other business building campaigns through existing APN media properties. This further strengthens the ties between APN and local advertisers.

The GrabOne offer to advertisers helps them acquire new customers, gives them positive exposure through GrabOne's daily email to its subscriber base, gives an immediate cash injection from the purchased coupons and is highly measurable.

The success of GrabOne has generated considerable demand from advertisers wanting to utilise the system. The operation will be rolled out across Australia.

Similarly, the free classifieds website Sella has quickly established itself as an operating platform for businesses seeking to sell goods over the internet.

Sella is the leading 'freemium' auction and classifieds site in New Zealand. It lists new and used general goods for sale as well as the traditional classifieds verticals of property, motor vehicles and jobs. Basic listings are offered free of charge but enhanced services attract a fee. The site now has more than 300,000 members and 1,900 stores, where businesses list items for sale.

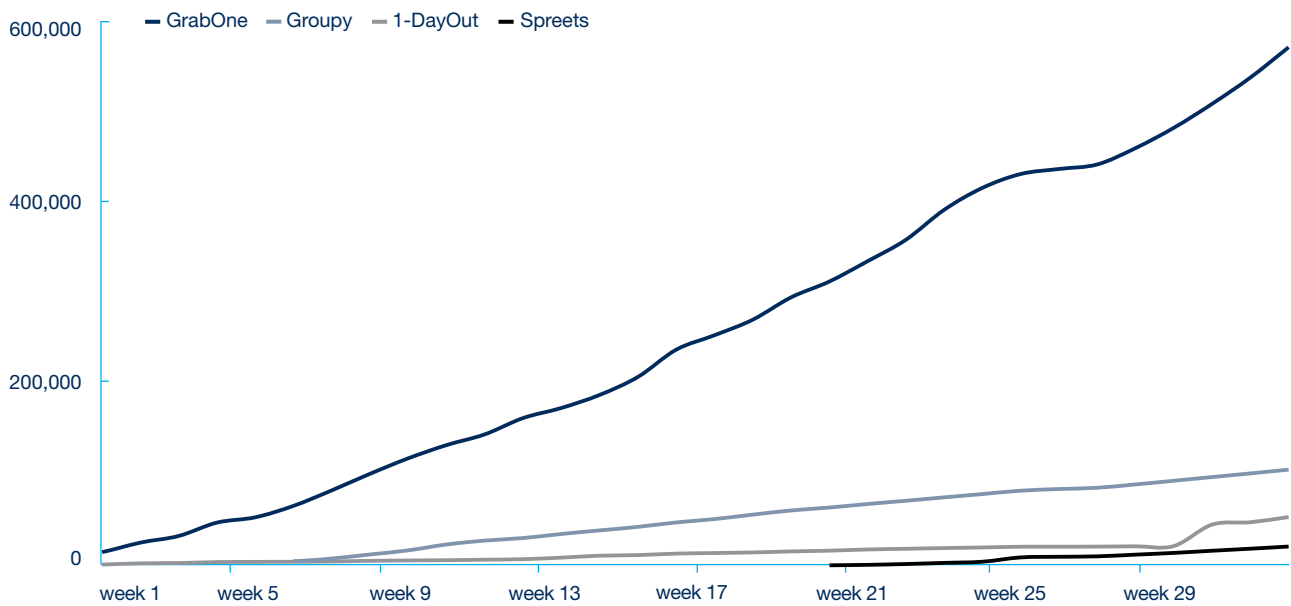
A Sella iPhone application was released during the year, allowing buyers to keep track of items on which they are bidding.

International experience has shown that the 'freemium' listing model has taken considerable market share from the pure play paid listing sites. Sella is well positioned to establish itself as a clear market leader in the 'freemium' category locally.

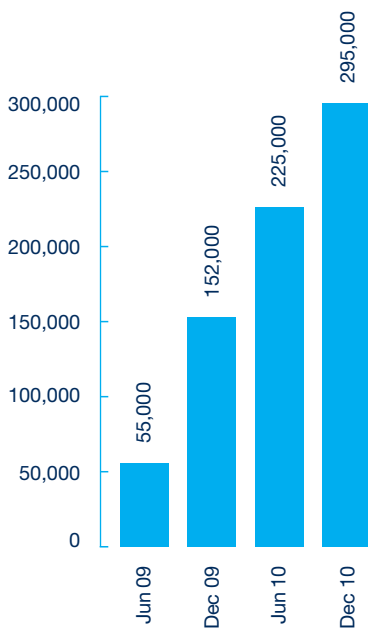
Equally, the regional online Finda community in Australia continues to grow in popularity. The network of search-based websites that aggregate local entertainment and community news has established an expanding audience, which contributes a large proportion of the listings that feature on the sites. The market recognises the future value of regional online communities and APN has developed an important lead in this fast-growing sector.



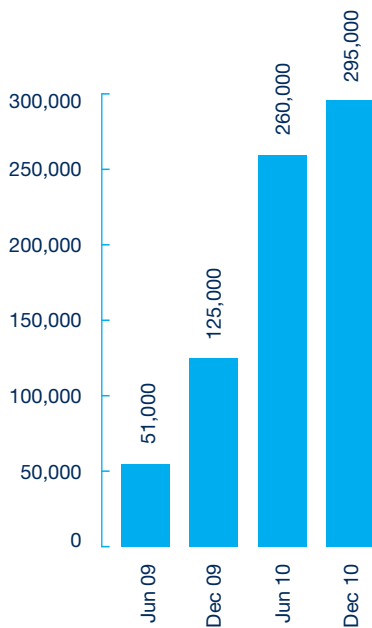
GrabOne – the New Zealand market leader Total coupons sold in New Zealand



Sella listings The Sella marketplace is expanding



Sella members Members up 6 times in 18 months



CORPORATE SOCIAL RESPONSIBILITY

APN NEWS & MEDIA HAS LONG CHAMPIONED THE LOCAL COMMUNITIES IN WHICH IT OPERATES. THE SOCIAL IMPACT OF OUR SUPPORT GOES WELL BEYOND ANY DIRECT PHILANTHROPIC ROLE.

APN News & Media has long championed the local communities in which it operates. The social impact of our support goes well beyond any direct philanthropic role; APN's local newspapers, radio stations and websites often become the central coordinating forces behind charities and important social causes.

The central role of our media assets in their communities is often highlighted in times of natural disaster. This was confirmed in dramatic fashion twice in the past six months: the devastating earthquakes that hit Christchurch and the floods that inundated a huge part of Queensland.

In both cases, APN media properties rallied to support their affected communities.

In New Zealand, to support the people of Christchurch affected by the earthquakes, APN newspapers published a special earthquake supplement, which sold throughout the country and contributed \$300,000 towards earthquake relief funds. APN also donated an additional \$100,000 and, through its newspapers and radio stations, helped raise a further \$400,000 for the Red Cross Earthquake Appeal.

In Queensland, APN newspapers launched the *Help the State, Help a Mate* campaign. The Company kicked off the campaign with a \$100,000 donation, and provided \$200,000 in advertising space to promote the Queensland Premier's Flood Appeal.

Many of APN's newspapers have been serving their communities for well over 100 years. Such a close partnership with local regions has been a key component to APN's growth and will continue to be so for years to come.

The total value of charitable activity coordinated through APN media assets in 2010 – in money raised and advertising space contributed – exceeded \$20 million.

Education

- Through Newspapers In Education programs, APN publications across Australia and New Zealand provide extensive resources and complimentary editions to schools to assist with literacy efforts as well as social awareness and general knowledge.
- In a bid to address growing rates of childhood obesity, The Radio Network, The New Zealand Woman's Weekly and APN newspapers support the WeetBix Triathlon for 7 to 14 year olds – attracting 20,000 participants in the largest sporting event for children in the world.
- The New Zealand Herald launched the *At Home With The Herald* program, which delivered complimentary editions to the family homes of students in low decile schools, helping with literacy beyond the classroom.

Humanitarian

- New Zealand newspapers and radio stations promoted earthquake relief appeals to assist the people of Christchurch.
- Australian newspapers and radio stations promoted flood relief appeals to assist the people of Queensland.

- The annual *Adopt A Family* campaign, run each Christmas through APN's Australian regional newspapers, raised \$220,000 in community aid and presents for more than 4,000 families in need.

Community

- The Australian Radio Network is a major supporter of the Mother's Day Classic fun run in support of breast cancer research.
- All APN media properties provide complimentary advertising support for national and local charities, including Starship Foundation, Leukaemia Foundation, World Vision, Red Cross and Mission Australia.
- APN Outdoor launched the *Think Sustainability* campaign in 2010, aimed at measuring, managing and improving the division's environmental footprint and community contributions.

Culture

- APN News & Media sponsors the Auckland Philharmonia Orchestra as well as the Auckland Writers and Readers Festival; and The Listener magazine supports the New Zealand Symphony Orchestra and the New Zealand International Arts Festival.
- The Radio Network in New Zealand sponsors the New Zealand Symphony Orchestra and the Royal New Zealand Ballet.
- APN Outdoor is a major supporter of the Sydney Opera House, the Sydney Festival and the Australian Chamber Orchestra.

FIVE YEAR FINANCIAL HISTORY

	2010 \$'m	2009 \$'m	2008 \$'m	2007 \$'m	2006 \$'m
Income Statement					
Revenue from continuing operations	1,059	1,031	1,226	1,315	1,293
EBITDA ¹	244	230	320	361	343
EBIT ²	205	189	279	324	307
Net profit ³	103	94	140	169	157
Balance Sheet					
Equity excluding non-controlling interest	962	933	816	1,032	930
Total assets	2,163	2,203	2,323	2,581	2,458
Total bank borrowings	720	783	968	941	749
Statistical Analysis					
EBITDA/total revenue	23.1%	22.3%	26.1%	27.5%	26.5%
Bank borrowings/EBITDA	3.0	3.4	3.0	2.6	2.2
Earnings per share – basic (cents) ⁴	17.2	17.0	28.3	33.8	32.8
– diluted (cents)	17.2	17.0	28.3	32.9	29.8
Dividend per share (cents)	12.0	4.0	22.5	31.5	29.7 ⁵
Dividend payout ratio ⁶	70%	25%	79%	92%	92% ⁵
Interest cover based on EBITDA (times)	4.91	4.55	4.23	5.70	5.43
No. of shares on issue ('000)	606,084	595,312	490,413	489,124	460,287
No. of shareholders	9,891	11,138	11,593	12,734	14,733
Market capitalisation (\$'m)	1,176	1,381	1,216	2,578	2,785
Market price per share at 31 December	\$1.94	\$2.32	\$2.48	\$5.27	\$6.05

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

2 Profit from continuing operations before exceptional items, interest and tax.

3 NPAT from continuing operations before exceptional items.

4 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 2009.

5 Includes 2006 final dividend paid 18 June 2007.

6 Before exceptional items.

SHAREHOLDER INFORMATION

Stock exchange listing

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

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.

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.

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 (CHESS) should advise their broker 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 2010 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

APN NEWS & MEDIA LIMITED ACN 008 637 643

DIRECTORS

GK O'Reilly (Chairman)
AE Harris (Deputy Chairman)
BD Chenoweth (Chief Executive)
PP Cody
PM Cosgrove
VC Crowley
EJ Harvey
KJ Luscombe
JH Maasland

SECRETARY

Y Lamont

REGISTERED OFFICE

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SYDNEY NSW 2011

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Facsimile: +61 2 9333 4900

SHARE REGISTRY

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SYDNEY SOUTH NSW 1235

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(International) +61 2 9287 0303

Email:
registrars@linkmarketservices.com.au

Website:
www.linkmarketservices.com.au

AUDITORS

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SYDNEY NSW 2000

PRINCIPAL BANKERS

ANZ
Commonwealth Bank
HSBC
JP Morgan
National Australia Bank
RBS
Westpac Banking Corporation

Notice is hereby given that the Annual General Meeting of members of APN News & Media Limited will be held at Ballroom 2, The Four Seasons Hotel, 199 George Street, Sydney NSW 2000 on Tuesday, 3 May 2011 at 11am.

RELATIONSHIP OF THE SHAREHOLDER REVIEW TO THE FULL FINANCIAL REPORT

The Shareholder Review is an extract from the Annual Report for the year ended 31 December 2010. 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 members on request, free of charge. Please call 1300 553 550 (within Australia), 09 375 5998 (within New Zealand) or +61 2 8280 7142 (outside Australia/New Zealand) and a copy will be forwarded to you. Alternatively, you can access both the Annual Report and the Shareholder Review via the internet on our website: www.apn.com.au

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

