APN News & Media Limited
Annual Report
2007

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APN News & Media Limited (ABN 95 008 637 643) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

APN News & Media Limited
Level 4
100 William Street
Sydney NSW 2011

TEN YEAR FINANCIAL HISTORY

	2007	2006	2005 [1]	2004	2003	2002	2001	2000	1999	1998
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
	A-IFRS	A-IFRS	A-IFRS	A-IFRS	A-GAAP	A-GAAP	A-GAAP	A-GAAP	A-GAAP	A-GAAP
INCOME STATEMENT										
Revenue [2]	**1,346**	1,340	1,364	1,274	1,167	1,072	599	615	521	385
EBITDA [3]	**352**	341	349	322	292	256	136	148	127	83
EBIT [4]	**315**	307	309	283	238	202	116	127	109	70
Net profit	**167**	160	150	129	104	90	48	51	42	35
BALANCE SHEET										
Equity excluding minority interest	**1,032**	930	1,005	1,010	1,286	1,205	957	388	369	351
Total assets	**2,581**	2,458	2,541	2,584	2,748	2,754	2,485	1,063	1,018	713
Total bank borrowings	**941**	749	673	646	735	807	776	282	275	265
STATISTICAL ANALYSIS										
EBITDA/total revenue	**26.2%**	26.0%	25.6%	25.3%	25.0%	23.9%	22.7%	24.1%	24.5%	21.5%
Bank borrowings/EBITDA	**2.7**	2.2	1.9	2.0	2.5	3.2	5.7	1.9	2.2	3.2
Earnings per share – basic (cents) [5]	**34.5**	34.3	31.1	27.1	22.9	20.8	18.0	19.7	16.8	14.3
– diluted (cents)[5]	**34.0**	32.9	30.3	26.2	22.9	20.7	17.8	19.3	16.4	13.8
Dividend per share (cents) [5]	**31.5**	29.7 [6]	24.2	22.0	18.3	16.0	14.6	14.2	12.2	10.1
Dividend payout ratio	**91%**	90% [6]	77%	82%	82%	78%	111% [7]	73%	73%	72%
Interest cover based on EBITDA (times)	**5.56**	5.41	5.37	5.15	4.37	3.85	9.29	9.86	9.47	6.61
No. of shares on issue ('000)	**489,124**	460,287	477,705	482,491	472,821	438,406	429,963	252,011	245,975	240,672
No. of shareholders	**12,734**	14,733	15,582	16,500	15,249	13,839	12,934	10,296	9,651	9,180
Market capitalisation ($'m)	**2,578**	2,785	2,293	2,485	1,891	1,337	1,479	1,119	824	578
Market price per share at 31 December	**$5.27**	$6.05	$4.80	$5.15	$4.00	$3.05	$3.44	$4.44	$3.35	$2.40

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

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Chairman's Review

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

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

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

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

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

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

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

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

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

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

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

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

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

James J Parkinson
Chairman
28 March 2008

Chief Executive's Review

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Brendan MA Hopkins
Chief Executive

Corporate Social Responsibility

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

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

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

Total APN CSR support in terms of advertising space contributed, funds directly donated as well as solicited through readers and listeners in the past year **exceeded A$14 million**. This value excludes the advertising equivalence of the editorial articles that have promoted individual charities.

Education

- Newspapers In Education (NIE) programmes. Newspapers across Australia and New Zealand provide complimentary editions to local schools to assist with literacy programmes as well as social awareness and general knowledge. NIE pages also link in with the curriculum.

- Awareness raising. Newspapers, magazines and radio undertake a public education and information role through special features and promotions on public health issues such as: breast cancer, Parkinson’s disease, autism and childhood cancers.

- The New Zealand Herald publishes student newspapers from secondary schools and colleges as a means of promoting literacy.

- In a bid to address growing rates of childhood obesity, The Radio Network supports the WeetBix Triathlon for 7-14 year olds, the largest sporting event for children in the world, with more than 16,000 children entering nationwide.

- Radio and newspaper support across Australia and New Zealand for Breast Cancer awareness month.

- The Listener sponsors the New Zealand National Spelling Bee.

Humanitarian

- The annual Adopt A Family for Christmas appeal conducted by APN’s Australian regional newspapers in 2007 provided aid worth over $750,000 to more than 2100 families in need across Queensland and northern NSW. A similar program in New Zealand also raised cash and donations of food and presents.

- The Radio Network’s (TRN) New Zealand Plunket Radiothon raised $400,000 to purchase car seats.

- TRN’s ‘Shave Your Lid for a Kid’ campaign raised $350,000 for the Child Cancer Foundation.

- The New Zealand Herald readers raised $75,000 for the Auckland Cancer Society and the newspaper helped raise the profile of its ground-breaking research through a series of educational articles, which in turn led to a spike in the Society’s own fund-raising returns.

Community

- Public Service Announcements – the Australian Radio Network and The Radio Network provide free community announcements for scores of local and national charity groups. The annual value is in excess of $5 million. Charities include: Red Cross, Bone Marrow Donor Institute, Child Flight, Cancer Council, Mothers Day Classic, the Fred Hollows Foundation, Autism New Zealand, Muscular Dystrophy New Zealand and UNICEF.

- APN’s newspapers and magazines provide complimentary advertisements for a large number of local charities, including Auckland City Mission, Barnardo’s and Amnesty International.

- The Herald Foundation uses the circulation power of The New Zealand Herald to support charities throughout New Zealand. In 2007, the Foundation supported four charities: KidsCan Charitable Trust, Age Concern, South Auckland Health Foundation and Preventing Violence in the Home. Each benefited from a $50,000 advertising campaign in the Herald.

- APN Outdoor provides almost $3 million in complimentary media for a range of charitable organisations and public health bodies across Australia and New Zealand, including Beyond Blue, the Salvation Army Red Shield Appeal, Amnesty International and the Cancer Council.

Culture

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

Conservation

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

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

New Zealand National Publishing

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

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

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

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

The readership results were driven by the successful development of a number of innovative editorial sections that feature throughout the week. Such sections as Viva on a Wednesday, Time Out on a Thursday, SuperSport and The Business on a Friday, and Canvas magazine in the Weekend Herald add tremendous reader value to the daily titles and provide targeted advertising opportunities for clients.

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

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

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

Economic conditions in New Zealand moderated in 2007, continuing the trend from the previous year. However, a strong cost focus, innovative sales campaigns and new product extensions helped deliver a satisfactory outcome. In particular, new systems and skills at the Auckland-based customer contact centre are starting to increase revenue per call from inbound classified sales, as well as enhance outbound classified sales campaigns. A number of accounts have been transitioned to telephone-based selling, improving both efficiency and profitability. New revenue streams are also opening up, particularly in trades and services.

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

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

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

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

APN Australian Publishing

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

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

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

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

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

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

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

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

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

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

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

Radio

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

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

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

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

In the second half of 2007 a lot of work was invested in developing a fresh programming approach for 2008, particularly for the Mix network. Mix, with its skew towards women aged 25-44, has been given a new music and lifestyle position 'living the feel good life'. With the advent of iPods, digital music, and cars with 6-stacker CD players in the boot, to truly compete radio must be more relevant and compelling to its target audience and can no longer just be a jukebox. ARN has taken a lead in evolving radio programming to become more engaging for listeners. To create an environment where people are willing to dedicate their time and attention to a programme, rather than listen to their own selection of music, requires a fine balance between personalities, music, compelling content and commercials. The traditional breakfast programme is radio's equivalent to TV primetime. By establishing a strong listener following for that programme, the audience tends to remain for the rest of the day. For example, in Sydney the new Mix 106.5 breakfast team of Sonia Kruger and Todd McKenney are proving to be a better fit for the Mix music and lifestyle audience. Both are respected performers in their own rights with high profile television profiles and they bring the right mix of conversation and humour to a start-the-day programme on Mix. Also, the established breakfast team on WS-FM of Amanda Keller and Brendan Jones produce a show that is truly engaging for their slightly older, main-stream Classic Hits audience.

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

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

In 2007, TRN again grew its leadership in New Zealand radio, building its overall share of the national audience aged 10+ to more than 45%. In the major Auckland market, TRN operated four of the top five radio stations, including the number one talk station (NewstalkZB) and the number one music station (Coast). And in the nation's capital Wellington, TRN stations ZM and NewstalkZB held the top two places.

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

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

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

Outdoor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APN Online

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

Board responsibilities

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

The responsibilities of the Board are:

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

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

Term of office

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

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

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

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

Composition and qualifications

The Board currently consists of 13 members: 12 non-executive Directors and one executive Director.

Details of the names, qualifications, tenure, skills, experience and Board Committee memberships of the Directors and their meeting attendances appear on pages 30 to 32 of this Annual Report.

Board procedure

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

Meeting agendas

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

Independent advice

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

Independence of Directors

The Board does not comply with the definition of independence applicable to Recommendations 2.1 and 2.2, due to a number of Directors, including the Chairman, having an association with the significant shareholder, Independent News & Media PLC or having a lengthy period of tenure or having been appointed as a Director within 3 years after ceasing to be employed in an executive capacity by the Company.

The Board believes that none of these factors interferes with the independent judgment of any of the Directors or impedes the Directors' ability to act in the best interests of the Company.

In order to test the views held by the Board in relation to independence, the Board engaged a highly regarded professional firm, Cameron Ralph Pty Ltd (Cameron Ralph), to conduct a review of the capacity of the Board to act independently. The review concluded in April 2004. The Board does not consider that there has been any material change in circumstances during the reporting period which would impact on the findings of this review.

The review process carried out by Cameron Ralph entailed the following:

- A review of publicly available research on the Company;
- A review of documents available to the Board, including:
  - Board papers;
  - Committee papers; and
  - Company manuals, charters and policies;
- Questionnaires completed by each member of the Board (excluding Directors newly appointed at the time of the review);
- Interviews conducted with Directors:
  - all interviews were conducted by two Cameron Ralph team members; and
  - individual interviews were tailored according to the issues identified along the process; and
- The data was analysed by Cameron Ralph and findings were established.

Cameron Ralph agreed to the inclusion of the following summary of its review:

"The Cameron Ralph review notes the unique context for APN as a large media company operating in the Australasian region, with a significant shareholder, Independent News & Media PLC, that operates globally in the same industry.

Cameron Ralph considered materials provided by APN, interviewed each of the Directors excluding the recent appointees, and reviewed the processes for several key decisions over the past few years.

Cameron Ralph Pty Ltd are satisfied that the Board of APN has, at the time of the review, both people and processes that enable it to bring independent judgment to bear in decision-making. These processes include establishing Committees of independent Directors to steer major transactions involving Independent News & Media PLC, use of external independent advisers, extensive monitoring of information, and use of two Deputy Chairmen to perform important local functions.

Cameron Ralph observed that the continuing ability of the Board to bring independent judgment to bear in decision-making depends critically on the composition of the Board and on the systems and processes in place. Cameron Ralph made a number of recommendations aimed at enhancing transparency and providing further structural and systemic support for individual Directors' vigilance and integrity."

Following the Cameron Ralph review, additional independent Directors were appointed to the Remuneration Committee and the Nomination Committee in 2004 to ensure that these Committees were comprised of a majority of independent Directors and an additional Director with extensive financial qualifications and experience was appointed to the Audit Committee.

The Company makes extensive use of its Committees and special purpose meetings are called on an as needs basis.

Relationship with Independent News & Media PLC

The Board believes that the relationship with Independent News & Media PLC is of value to the Company in providing it with access to expertise, resources and opportunities directly relevant to its businesses. Cameron Ralph found no evidence of inappropriate pressure from Independent News & Media PLC.

Length of tenure

The Board has not adopted a specific tenure threshold. It believes tenure is not an automatic measure of independence. The Board does not believe that any Director has served for a period which could reasonably be regarded as interfering with the Director's independence or ability to act in the best interests of the Company.

Furthermore, the Board considers that Directors who have extensive experience and contribute to maintaining corporate memory are of value to the Company.

Recent past executive

The Board does not accept that the fact a Director was an executive of the Company within 3 years prior to his Board appointment should automatically be regarded as interfering with the Director's independence or ability to act in the best interests of the Company.

The Board considers that having access to a Director with experience as an executive of the Company adds value to Board deliberations due to the operational perspective provided by the Director.

Findings

Consistent with the findings of the Cameron Ralph review, the following Directors are considered by the Board to be independent:

AE Harris, Deputy Chairman
Sir WJ Whineray, Deputy Chairman
S Atkinson
KJ Luscombe
JH Maasland

Mr PP Cody is regarded as non-independent having been employed by the Company in an executive capacity within 3 years prior to his appointment as a Director of the Company.

The following Directors are affiliated with Independent News & Media PLC:

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

In relation to the Chief Executive, Mr BMA Hopkins has been seconded by Independent News & Media PLC to the Company until 31 March 2009.

Performance evaluation

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

Board Committees

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

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

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

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

<u>Nomination Committee</u>
The Board established a Nomination Committee in 1997. The Nomination Committee currently consists of the following non-executive Directors:

JJ Parkinson (Chairman)
S Atkinson
KJ Luscombe
JH Maasland

The main role of the Nomination Committee is:

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

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

Remuneration Committee

The Board established a Remuneration Committee in 1997. The Remuneration Committee currently consists of the following non-executive Directors:

AE Harris (Chairman)
LP Healy
JH Maasland

The main role of the Remuneration Committee is:

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

During the reporting period the Remuneration Committee reviewed the remuneration of the Chief Executive and those executives reporting directly to him.

The remuneration policy and the amount of remuneration paid to Directors and each of the five highest-paid (non-Director) relevant executives during the reporting period and details of the appraisal and performance evaluation applicable to these executives appear on pages 24 and 25 of this Annual Report.

Audit Committee

The Board established an Audit Committee in 1993. The Audit Committee currently consists of the following non-executive Directors:

WJ Whineray (Chairman)
AE Harris
KJ Luscombe
DJ Buggy

The main role of the Audit Committee is:

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

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

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

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

An ongoing five year rotation policy applies to the engagement partner of the external auditor of the Company.

ENVIRONMENT

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

RISK MANAGEMENT

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

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

As part of its risk management and internal compliance procedures, the Chief Executive and Chief Financial Officer are required to state to the Board in writing that the Company's financial reports present a true and fair view of the Company's financial condition and operational results, and are in accordance with relevant accounting standards.

The Board has adopted an Internal Audit Charter, Internal Audit Policy and Procedure Manual and Risk Management Policy. A copy of the Risk Management Policy is available on the Company website.

The Board has structured the implementation and oversight of the Company and its subsidiaries' approach to risk management on two key principles:

- a focus on divisional risk management needs. Business division management is responsible for the day-to-day identification and assessment of risks applicable to their Division and the implementation of risk management controls, policies and procedures appropriate for their businesses; and
- the independent review of risk management. The assessment of the risk management practices of the business Divisions and the Group as a whole is conducted by persons independent of the business Divisions (including the external auditor, the Audit Committee and the Internal Audit Manager).

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

SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

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

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

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

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

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

- the rules set out in Appendix 17 of the NZX Listing Rules do not apply to the Company as it is a "Dual Listed Issuer" (as defined in the NZX Listing Rules); and
- the Company has been granted a waiver from NZX Listing Rule 7.12.1.

SECURITIES TRADING

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

A copy of the Securities Trading Policy and Guidelines is available on the Company website.

ETHICAL STANDARDS

The Group has developed a Code of Conduct embracing policies and other standards within which employees are expected to act. A copy of the Code of Conduct is available on the Company website.

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

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

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

1. DIRECTORS

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

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

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

2. PRINCIPAL ACTIVITIES

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

3. TRADING RESULTS

The net profit of the consolidated entity for the financial year was:

	2007 $'000	2006 $'000
Profit from continuing operations	**206,007**	198,498
Net profit attributable to minority interest	**(38,571)**	(38,975)
Net profit attributable to members of the parent entity	**167,436**	159,523

4. DIVIDENDS

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

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

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

5. REVIEW OF OPERATIONS

A review of operations of the consolidated entity for the year ended 31 December 2007 is set out on pages 2 to 11.

6. EARNINGS PER SHARE

	2007 cents	2006 cents
Basic earnings per share	**34.5**	34.3
Diluted earnings per share	**34.0**	32.9

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

8. 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.

9. LIKELY DEVELOPMENTS

Overall strategic direction and prospects are discussed in the Chairman's and Chief Executive's Reviews on pages 2 to 4.

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

10. REMUNERATION REPORT

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

Directors

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

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

The following Relevant Executives together with Brendan Hopkins and the other Directors were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the parent entity and consolidated entity during the financial year:

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

Mark Jamieson was appointed CEO Australian Publishing July 2006.

Remuneration of Directors and executives

Principles used to determine nature and amount of remuneration

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

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

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

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

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

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

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

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

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

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

Non-executive Directors

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

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

Executive pay

The executive pay and reward framework has the following components:

Fixed remuneration

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

Other remuneration-related costs

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

Retirement benefits

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

Short-term incentives

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

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

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

For 2007, the Remuneration Committee has determined that the proportion of the STI payable is as follows:

	STI payable	STI forfeited
Brendan Hopkins	61%	39%
Peter Myers	80%	20%
Martin Simons	23%	77%
Mark Jamieson	50%	50%
Bob Longwell	0%	100%
Richard Herring	70%	30%
Warren Lee	50%	50%

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

Long-term incentives

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

Options granted under the EDOP:

- are granted for no consideration and carry no dividends or voting rights;
- are generally exercisable between three and five years from the date of grant at the exercise price, subject to the satisfaction of performance hurdles;
- are convertible into one ordinary share per option;
- have an exercise price equal to the weighted average market price of the Company's shares sold on the ASX during the week immediately prior to and including the grant date;
- require the exercise price to be paid at the time of exercise of the options;
- cannot be transferred, encumbered or otherwise disposed of without the prior consent of the Board; and

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

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

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

Performance hurdles in relation to options granted in 2006

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

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

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

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

In respect of options issued during 2006, the performance hurdles cannot first be tested until the audited accounts for the 2008 financial year have been finalised.

Employment contracts

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

Fixed-term contracts

Brendan Hopkins, Chief Executive

The term of Mr Hopkins' agreement is fixed until 31 March 2009. Mr Hopkins receives a base salary, inclusive of superannuation, bonuses and other benefits, including eligibility to participate in the EDOP, which are reviewed annually by the Remuneration Committee. Mr Hopkins is eligible to receive a STI payment, heavily weighted towards the financial performance of the Group and determined in accordance with the principles for STIs detailed elsewhere in this report. Mr Hopkins' agreement also contains a restraint (including a non-compete) which applies for a period of twelve months after its termination in Australia, New Zealand and any other country in which the Company and its related entities operate.

Bob Longwell, Chief Executive Officer Australian Radio

The term of Mr Longwell's agreement is fixed until 31 December 2009. He receives a base salary, bonus and other benefits, which are reviewed from time to time by the Remuneration Committee of the Australian Radio Network, subject to approval by the Australian Radio Network Board. Mr Longwell participates in the EDOP. Mr Longwell is eligible to receive a STI payment, based on the financial performance of the Australian Radio Network. 30% of the maximum STI is payable for achievement of budgeted EBIT for the year with further payments accruing to above budget performance.

Rolling contracts

Other Relevant Executives

Peter Myers	Chief Financial Officer
Martin Simons	CEO New Zealand Publishing
Mark Jamieson	CEO Australian Publishing
Richard Herring	CEO APN Outdoor
Warren Lee	CEO APN Online

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

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

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

Details of remuneration

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

Directors of APN News & Media Limited

		Cash salary *Short-term* $	Other fixed remuneration *Short-term* $	Superannuation *Post-employment* $	Bonus *Short-term* $	Other remuneration related costs *Short-term* $	Total excluding options $
Chief Executive and Director of APN News & Media Limited							
BMA Hopkins	**2007**	**1,671,500**	**143,917**	**387,387**	**825,000**	**280,628**	**3,308,432**
	2006	*1,600,000*	*148,221*	*368,000*	*787,500*	*312,047*	*3,215,768*
Non-executive Directors of APN News & Media Limited							
AE Harris	**2007**	**150,000**	**-**	**-**	**-**	**-**	**150,000**
	2006	*150,000*	-	-	-	-	*150,000*
WJ Whineray	**2007**	**120,000**	**-**	**-**	**-**	**-**	**120,000**
	2006	*120,000*	-	-	-	-	*120,000*
S Atkinson	**2007**	**68,807**	**-**	**6,193**	**-**	**-**	**75,000**
	2006	*68,807*	-	*6,193*	-	-	*75,000*
PP Cody	**2007**	**64,220**	**-**	**5,780**	**-**	**-**	**70,000**
	2006	*64,220*	-	*5,780*	-	-	*70,000*
PM Cosgrove	**2007**	**66,045**	**-**	**5,577**	**-**	**-**	**71,622**
	2006	*68,881*	-	*5,719*	-	-	*74,600*
KJ Luscombe	**2007**	**85,000**	**-**	**-**	**-**	**-**	**85,000**
	2006	*85,000*	-	-	-	-	*85,000*
JH Maasland	**2007**	**82,569**	**-**	**7,431**	**-**	**-**	**90,000**
	2006	*82,569*	-	*7,431*	-	-	*90,000*
AC O'Reilly	**2007**	**64,220**	**-**	**5,780**	**-**	**-**	**70,000**
	2006	*64,220*	-	*5,780*	-	-	*70,000*
Total 2007		**2,372,361**	**143,917**	**418,148**	**825,000**	**280,628**	**4,040,054**
Total 2006		*2,303,697*	*148,221*	*398,903*	*787,500*	*312,047*	*3,950,368*

Directors not specified in above table received no remuneration.

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

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

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

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

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

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

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

Relevant Executives

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

1 Resigned July 2006

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

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

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

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

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

Equity instrument disclosures relating to Directors and Relevant Executives

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

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

Option holdings

Options granted to Directors and Relevant Executives are shown in the table below. In respect of options issued during 2006, the performance hurdles cannot first be tested until the audited accounts for the 2008 financial year have been finalised. Options granted prior to 2006 have satisfied the relevant performance criteria.

Year ended 31 December 2007	Balance at start of year	Granted during year as remuneration	Exercised during year	Other changes during year	Balance at end of year	Options vested during year	Vested and exercisable at end of year
Directors of APN News & Media Limited							
BMA Hopkins	**3,000,000**	-	(500,000)	-	**2,500,000**	1,500,000	1,000,000
PM Cosgrove	**50,000**	-	(50,000)	-	**-**	-	-
Total Directors	**3,050,000**	-	(550,000)	-	**2,500,000**	1,500,000	1,000,000
Relevant Executives							
P Myers	**800,000**	-	-	-	**800,000**	300,000	300,000
M Simons	**940,000**	-	(245,000)	-	**695,000**	240,000	295,000
M Jamieson	**190,000**	-	(90,000)	-	**100,000**	90,000	-
B Longwell	**400,000**	-	(150,000)	-	**250,000**	150,000	-
R Herring	**640,000**	-	-	-	**640,000**	240,000	240,000
W Lee	**400,000**	-	-	-	**400,000**	-	-
Total Relevant Executives	**3,370,000**	-	(485,000)	-	**2,885,000**	1,020,000	835,000

Year ended 31 December 2006	Balance at start of year	Granted during year as remuneration	Exercised during year	Other changes during year	Balance at end of year	Options vested during year	Vested and exercisable at end of year
Directors of APN News & Media Limited							
BMA Hopkins	2,500,000	1,500,000	(1,000,000)	-	**3,000,000**	1,000,000	-
PM Cosgrove	100,000	-	(50,000)	-	**50,000**	-	50,000
Total Directors	2,600,000	1,500,000	(1,050,000)	-	**3,050,000**	1,000,000	50,000
Relevant Executives							
P Myers	550,000	500,000	(250,000)	-	**800,000**	250,000	-
K Steinke	540,000	-	(300,000)	(240,000) (1)	**-**	200,000	-
M Simons	540,000	400,000	-	-	**940,000**	200,000	300,000
B Longwell	275,000	250,000	(125,000)	-	**400,000**	125,000	-
R Herring	375,000	400,000	(135,000)	-	**640,000**	75,000	-
W Lee	-	400,000	-	-	**400,000**	-	-
Total Relevant Executives	2,280,000	1,950,000	(810,000)	(240,000)	**3,180,000**	850,000	300,000

Directors not specified in above table hold no options.

(1) Forfeited options

Value of options exercised and shares issued

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

	Date of exercise of options	Number of options exercised and ordinary shares issued	Amount paid per share	Value of each option when exercised	Total value of options exercised
Directors of APN News & Media Limited					
Brendan Hopkins	30 May 2007	170,000	$3.85	$2.10	$357,000
	5 June 2007	330,000	$3.85	$2.03	$669,900
Peter Cosgrove	6 June 2007	50,000	$3.54	$2.27	$113,500
Relevant Executives					
Martin Simons	29 June 2007	100,000	$3.54	$2.31	$231,000
	30 November 2007	115,000	$3.34	$1.66	$190,900
	11 December 2007	10,000	$3.34	$1.91	$19,100
	14 December 2007	20,000	$3.34	$1.72	$34,400
Mark Jamieson	7 June 2007	90,000	$3.85	$2.02	$181,800
Bob Longwell	5 June 2007	75,000	$3.85	$2.03	$152,250
	13 June 2007	75,000	$3.85	$1.90	$142,500

Company performance

	2007 A-IFRS	2006 A-IFRS	2005 A-IFRS	2004 A-IFRS	2003 A-GAAP *
Net profit after tax (NPAT)	**$167.4m**	$159.5m	$149.7m	$129.4m	$103.5m
Annual increase in NPAT	**5.0%**	6.6%	15.6%	23.9%	14.8%
Dividends per share (dps)	**31.5c**	29.7c	24.2c	22.0c	18.3c
Diluted earnings per share (eps)	**34.0c**	32.9c	30.3c	26.2c	22.9c
Annual increase in diluted eps	**3.3%**	8.6%	15.6%	14.4%	10.6%
Share price at 31 December	**$5.27**	$6.05	$4.80	$5.15	$4.00

* The NPAT and eps for 2003 have not been adjusted for A-IFRS in the above table. Increases for 2004 in the table above are based on A-GAAP results as previously announced.

During 2005, the Company strengthened its capital management program by announcing an on market buy-back of its ordinary shares and by suspending the Dividend Reinvestment Plan. By 31 December 2007, the Company had bought back 66.2 million shares in aggregate at an average price of $5.03 per share. Directors consider that the buy-back, which is eps accretive after taking into account interest paid, is in the interests of all shareholders.

The above table shows that since 2003 dps have increased 72% and the closing share price has increased by 32%. A review of the annual growth rates confirms that the performance conditions of options issued prior to 2006 have been satisfied.

The Remuneration Committee considers that the performance linked approach to its remuneration policies encourages an outcome that is directly aligned with the generation of shareholder wealth.

Shareholding information

The number of ordinary shares in the Company held by each Director of APN News & Media Limited and each of the Relevant Executives for the year ended 31 December 2007, including their related parties, is set out below:

	Balance at start of the year	Received during year on exercise of options	Other changes during year	Balance at end of the year
Directors of APN News & Media Limited				
JJ Parkinson	100,000	-	-	**100,000**
AE Harris	550,956 [1]	-	-	**550,956** [1]
WJ Whineray	-	-	-	**-**
BMA Hopkins	999,197	500,000	(375,867)	**1,123,330**
S Atkinson	13,022	-	-	**13,022**
DJ Buggy	-	-	-	**-**
PP Cody	105,024	-	-	**105,024**
PM Cosgrove	50,000	50,000	-	**100,000**
LP Healy	581,112	-	-	**581,112**
KJ Luscombe	52,976	-	2,900	**55,876**
JH Maasland	-	-	-	**-**
AC O'Reilly	1,000,000	-	-	**1,000,000**
GK O'Reilly	20,000	-	-	**20,000**
Relevant Executives				
P Myers	260,000	-	-	**260,000**
M Simons	-	245,000	(245,000)	**-**
M Jamieson	83,644	90,000	(173,025)	**619**
B Longwell	-	150,000	(150,000)	**-**
R Herring	90,000	-	(30,000)	**60,000**
W Lee	-	-	-	**-**

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

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

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

Convertible notes
Mr KJ Luscombe has no interest in convertible notes in the Company (2006: 2,900).

Loans to Directors and Relevant Executives

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

Other transactions with Directors and Relevant Executives

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

11. SHAREHOLDINGS AND OPTIONS

Note 15 to the financial statements contains details of the following:
- the number of unissued shares of APN News & Media Limited under option at 31 December 2007; and
- shares issued during the financial year as a result of the exercise of options.

The Remuneration Report contains details of shareholdings of the Directors and Relevant Executives as at 31 December 2007. No options were granted since the end of the financial year.

12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

13. INSURANCE OF DIRECTORS AND OFFICERS

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

14. ENVIRONMENTAL REGULATION

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

15. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

16. CLASS ORDERS

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

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

17. INFORMATION ON DIRECTORS

Director	Qualifications	Responsibility
JJ Parkinson	MA, FCA. Mr Parkinson was appointed Chairman in May 2002, having been first appointed to the Board in March 1999. He joined Independent News & Media PLC in 1981 after working with an international accounting firm, initially as Financial Controller of its Irish operations and was made Group Financial Controller in 1985. In 1988, he was appointed to the Board of Independent News & Media PLC and served as Group Finance Director from 1988 to 2002. He is also Chairman of News & Media NZ Ltd and a former President of the Financial Executives Association of Ireland. He was previously a Director of iTouch PLC (UK).	Non-Executive Chairman of the Board of Directors, Chairman of the Nomination Committee, Chairman of Allotment Committee, Chairman of Options Committee, Member of Treasury/Finance Committee
AE Harris AC	F.INST.D, FAIM, FAICD. Mr Harris has been a Board Member since March 1992 and Deputy Chairman since December 1994. Managing Director and Chief Executive Officer of the Ampol Group from 1977 to 1987. He was Chairman of Australian Airlines from 1987 to 1992. Currently, Mr Harris is Chairman of Thakral Holdings (Director since 1994), the Australian Radio Network and St Vincent's Clinic Foundation. He is Life Governor of the Melanoma Foundation and a Life Member of the Australian Sports Commission. He was Chairman of the Zoological Parks Board of NSW from 1973 to 1990. Mr Harris started his career as a broadcaster and journalist with the Macquarie Broadcasting Service and he is a former Commissioner of the ABC. He was Trustee for the Walkley Awards from 1976 to 1980. He was previously Chairman of Gazal Corporation Limited (Director 1989 to 2004) and Deputy Chairman of Metcash Limited since 1994.	Non-Executive Director, Joint Deputy Chairman, Chairman of Remuneration Committee, Member of Audit Committee, Member of Treasury/Finance Committee
Sir WJ Whineray KNZM, OBE	MBA, BCom. Sir Wilson has been a Board Member since March 2002. He joined Alex Harvey Industries Limited in 1969, which in 1985 became Carter Holt Harvey Limited. During this time, he held several management positions and was Deputy Managing Director from 1987 until his retirement in June 1993. He retired as Chairman of Carter Holt Harvey Limited in 2003, retired as Chairman of The National Bank of New Zealand Limited in 2004 and retired as a Director of Auckland International Airport Limited in 2005. He is currently a Director of Nestlé New Zealand Limited, a Trustee of Eden Park Board of Control and The Dilworth Trust and Chairman of the New Zealand S.A.S.Trust. He was previously a Director of News & Media NZ Limited.	Non-Executive Director, Joint Deputy Chairman, Chairman of Audit Committee, Chairman of Treasury/Finance Committee
BMA Hopkins	BA. Mr Hopkins was appointed CEO in August 2002 and has been a Board Member since that time. He has over 20 years' experience managing media businesses in a number of countries. He is a Director of Independent News & Media PLC, a Freeman of the City of London, Honorary Vice President of the British Vascular Foundation, Patron of the European Australian Business Council, a Governor of The Australian Ireland Fund and a member of the Board of the Australian Chamber Orchestra. He was previously a Director of iTouch PLC (UK).	Chief Executive, Member of Allotment and Options Committees
S Atkinson AO	BA, FAICD, FAIM, FAMI. Ms Atkinson has been a Board Member since August 1999. She is Chairman of ABC Learning Centres Ltd (Director since 2000), Chairman of the Commonwealth Taskforce on Dementia and of the Crawford Fund (Qld). She is on the Boards of The Australian Ballet, The Australian Ireland Fund and the Waltzing Matilda Centre at Winton. From 1994 to 1997, she was Australia's Senior Trade Commissioner to France, with responsibility for Belgium, Luxembourg, Morocco, Algeria and Tunisia. From 1985 to 1991, she was Lord Mayor of Brisbane. She has been on the Boards of several public companies and her past involvements have included being a founding member of the Board of the United Nations' International Council for Local Environment Initiatives, the inaugural Chairman of Sustainable Development Australia and Deputy Mayor of the Athletes' Village at the Sydney Olympic Games.	Non-Executive Director, Member of Nomination Committee
DJ Buggy	BComm, FCA. Mr Buggy has been a Board Member since October 2003. A Chartered Accountant, he was appointed Chief Financial Officer and Director of Independent News & Media PLC in 2002. He joined Independent News & Media PLC in 1996 as Group Finance Manager and was appointed Group Financial Controller in 1999. Mr Buggy was previously audit manager with an international accounting firm. He is also a Director of a number of Independent News & Media PLC subsidiaries, including Independent News & Media (Australia) Limited, News & Media NZ Limited and Independent News & Media (South Africa) Pty Limited.	Non-Executive Director, Member of Audit Committee, Member of Treasury/Finance Committee

17. INFORMATION ON DIRECTORS (continued)

Director	Qualifications	Responsibility
PP Cody	Mr Cody was appointed to the APN Board in 2003. Mr Cody founded Cody Outdoor Australasia and was formerly the Chief Executive of APN Outdoor. He has more than 27 years' experience in the advertising industry. Mr Cody is currently the co-owner and Executive Chairman of Macro Life Pty Ltd (trading as Macro Wholefoods Market) Australia's largest organic supermarkets, and is a Governor and Director of The Australian Ireland Fund. Between 1999 and 2007, Mr Cody was non-executive Director of Adcorp Australia Limited (since 1999).	Non-Executive Director
PM Cosgrove	Mr Cosgrove has been a Board Member since December 2003. Founder of the Buspak group of companies in Australia, New Zealand and Hong Kong, he has more than 20 years' experience in the outdoor advertising industry. He is non-executive Chairman of Buspak Hong Kong, as well as non-executive Deputy Chairman of Clear Media Limited, which is listed on the Stock Exchange of Hong Kong. He is also a Director of Independent News & Media PLC and Chairman of GlobeCast Australia Pty Limited, a broadcasting company.	Non-Executive Director
LP Healy	FCA. Mr Healy has been a Board Member since May 1988, was acting Chief Executive from 1988 to 1989, Deputy Chairman from March 1992 to 1994 and Chairman from 1995 to 2002. He was Group Chief Executive of Independent News & Media PLC from 1991 to 2000 and is now Deputy Chairman. A Chartered Accountant, he joined Independent News & Media PLC in 1963 and was appointed Finance Director in 1971. Two years as Managing Director of Independent News & Media PLC's Dublin newspaper operations from 1979 were followed by his appointment as Managing Director International in 1981. He was previously a Director of News & Media NZ Limited.	Non-Executive Director, Member of Remuneration Committee
KJ Luscombe AM	FAICD, FAIM, CPM. Mr Luscombe has been a Board Member since October 1997. Following a successful corporate career in Australia, US markets and Board roles in several SE Asian markets, he founded a marketing and research consultancy in 1976. In 1980, he started the advertising agency Luscombe & Partners, sold it to Clemenger BBDO in 1998, and joined its Board. He is Executive Chairman of the management consultancy Growth Solutions Group. He is also a Director of Bayard Group and Melbourne Food and Wine. In 1998, he was appointed Adjunct Professor at the Graduate School of Management, Swinburne University. He was the recipient of the 2001 Sir Charles McGrath Award for marketing excellence.	Non-Executive Director, Member of Audit and Nomination Committees
JH Maasland	MA (Cantab). Mr Maasland has been a Board Member since December 2003. Mr Maasland has extensive business experience in the media industry and in New Zealand, and serves on a number of private and public company boards. He was until recently also Chairman and a Trustee of the Royal New Zealand Ballet.	Non-Executive Director, Member of Nomination and Remuneration Committees
AC O'Reilly	BA (Hons) Oxon. Mr O'Reilly was Chief Executive from May 1996 to July 2000, having previously held the position of Deputy Chief Executive. Mr O'Reilly has been a Board Member since 1988. He is the Founder and Managing Director of Bayard Group. He is a Director of Independent News & Media PLC, Sydney Theatre Company and the National Gallery of Australia Foundation. He is also a Member of the Central Advisory Board of the Salvation Army and on the Board of The Australian Ireland Fund. He was previously a Director of IRESS Market Technology Ltd and Gazal Corporation Limited.	Non-Executive Director
GK O'Reilly	BScBA (Hons). Mr O'Reilly was appointed to the Board in 2004. He has been Group Chief Operating Officer of Independent News & Media PLC since December 2001. He joined the international media group in 1993 and has held various roles. He formerly worked in London for the global advertising group DDB Needham. In the late 1980s, he also worked in Stockbroking in London and Asia. He is President of the World Association of Newspapers, Chairman of Dromoland Castle Hotel and serves on the board of Independent News & Media PLC and its subsidiaries, Jagran Prakashan Limited, Ashford Castle Hotel, Norkom PLC, TVC PLC, and numerous charitable foundations including the Ireland Funds. He was previously a Director of iTouch PLC.	Non-Executive Director

18. DIRECTORS' MEETINGS

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

Director	Board of Directors		Audit Committee		Remuneration Committee		Independent Committee [3]	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
JJ Parkinson	9	9						
AE Harris	9	9	4	4	2	2	4	4
WJ Whineray	9	9	4	4			4	4
BMA Hopkins	9	8						
S Atkinson	9	8					4	3
DJ Buggy	9	7 [1]	4	2				
PP Cody	9	8					4	4
PM Cosgrove	9	9						
LP Healy	9	7			2	2		
KJ Luscombe	9	9	4	4			4	4
JH Maasland	9	9			2	2	4	4
AC O'Reilly	9	7						
GK O'Reilly	9	7 [2]						

[1] DJ Buggy excused himself from 1 meeting due to a potential conflict of interest.
[2] GK O'Reilly excused himself from 1 meeting due to a potential conflict of interest.
[3] The Independent Committee was established to assess and determine whether the proposed Scheme of Arrangement was in the best interests of APN News & Media Limited and report its conclusions to the full Board of Directors. In addition, a further 3 meetings of a Sub-Committee of the Independent Committee were held and were attended by AE Harris (3), WJ Whineray (3) and KJ Luscombe (3). A further 10 meetings were held by the Due Diligence Committee which was established by the Independent Committee to assist in undertaking due diligence enquiries in relation to the proposed Scheme. The Due Diligence Committee consisted of the members of the Sub-Committee, external business, financial and legal advisors and representatives of management of the Company.

19 meetings of the Allotment Committee were held and were attended by JJ Parkinson (19) and BMA Hopkins (19).

3 meetings of the Options Committee were held and attended by JJ Parkinson (3) and BMA Hopkins (3).

4 meetings of a Board Committee formed to review and approve the half-yearly and annual financial statements, dividend payments, 2006 Annual Report and Notice of Meeting were held and were attended by AE Harris (4) and BMA Hopkins (4).

19. PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

20. AUDITOR'S INDEPENDENCE DECLARATION

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

21. NON-AUDIT SERVICES

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

During the financial year, the Company's auditor, PricewaterhouseCoopers, received or is due to receive $886,000 for the provision of non-audit services. In addition KPMG (auditors of a material subsidiary) received or is due to receive $224,000 for the provision of non-audit services.

The Company auditor has provided the Directors with an Auditor Independence Declaration in relation to the audit, a copy of which follows immediately after this Directors' Report. The auditor has also confirmed to the Directors that it has in place independence quality control systems which support its assertions in relation to its professional and regulatory independence as auditor of the consolidated entity (including the requirements of Professional Statement F1).

The Audit Committee has reviewed the fees provided to the auditor for non-audit services in the context of Professional Statement F1, the requirements of the Audit Committee Charter and general corporate governance practices adopted by the consolidated entity.

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

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

22. QUALIFICATIONS AND EXPERIENCE OF COMPANY SECRETARY

Yvette Lamont
Company Secretary and Group General Counsel

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

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

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

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

JJ Parkinson
Director

BMA Hopkins
Director

Sydney
28 March 2008

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Auditor's Independence Declaration

As lead auditor for the audit of APN News & Media Limited for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Steven Bosiljevac
Partner
PricewaterhouseCoopers

Sydney
28 March 2008

INCOME STATEMENTS

for the year ended 31 December 2007

	Note	Consolidated		Parent entity	
		2007	2006	**2007**	2006
		$'000	$'000	**$'000**	$'000
Revenue before finance income	3	**1,314,573**	1,292,877	**-**	-
Other income	3	**25,666**	37,872	**121,910**	5,199
Expenses before finance costs	3	**(1,031,979)**	(1,028,863)	**(3,705)**	(9,211)
Finance income	3	**5,982**	8,784	**18,605**	18,488
Finance costs	3	**(69,341)**	(71,906)	**(3,941)**	(12,941)
Net finance costs		**(63,359)**	(63,122)	**14,664**	5,547
Share of profits of associates	23	**6,829**	4,930	**-**	-
Profit before income tax expense		**251,730**	243,694	**132,869**	1,535
Income tax expense	5	**(45,723)**	(45,196)	**(4,466)**	11
Profit from continuing operations		**206,007**	198,498	**128,403**	1,546
Net profit attributable to minority interest		**(38,571)**	(38,975)	**-**	-
Net profit attributable to members of the parent entity	16	**167,436**	159,523	**128,403**	1,546

		cents	cents
Basic earnings per share	26	**34.5**	34.3
Diluted earnings per share	26	**34.0**	32.9

BALANCE SHEETS

as at 31 December 2007

	Note	Consolidated		Parent entity	
		2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current assets					
Cash and cash equivalents		**88,814**	70,681	**512**	483
Receivables	6	**246,380**	223,702	**36**	-
Inventories	7	**21,988**	21,939	**-**	-
Tax assets	11	**5,628**	24,861	**5,628**	20,550
Other	11	**29,998**	28,120	**29**	74
Total current assets		**392,808**	369,303	**6,205**	21,107
Non-current assets					
Receivables	6	**9,289**	7,174	**378,329**	360,204
Other financial assets	8	**37,334**	22,696	**544,224**	620,216
Investments accounted for using the equity method	23	**29,155**	25,703	**-**	-
Property, plant and equipment	9	**298,863**	292,605	**-**	-
Intangible assets	10	**1,813,369**	1,740,614	**-**	-
Deferred tax assets	11	**-**	-	**14,467**	16,358
Total non-current assets		**2,188,010**	2,088,792	**937,020**	996,778
Total assets		**2,580,818**	2,458,095	**943,225**	1,017,885
Current liabilities					
Payables	12	**178,296**	197,295	**340**	2,414
Derivative financial instruments	12	**2,093**	3,418	**-**	-
Interest bearing liabilities	13	**94,768**	89,414	**-**	-
Current tax provisions	14	**18,941**	5,299	**-**	-
Provisions	14	**7,530**	14,108	**-**	-
Total current liabilities		**301,628**	309,534	**340**	2,414
Non-current liabilities					
Payables	12	**5,162**	5,558	**-**	-
Interest bearing liabilities	13	**840,905**	801,593	**-**	148,344
Deferred tax liabilities	11	**156,001**	166,909	**-**	-
Provisions	14	**1,352**	2,159	**-**	-
Total non-current liabilities		**1,003,420**	976,219	**-**	148,344
Total liabilities		**1,305,048**	1,285,753	**340**	150,758
Net assets		**1,275,770**	1,172,342	**942,885**	867,127
Equity					
Contributed equity	15	**916,572**	817,579	**916,572**	817,579
Reserves	16	**13,467**	25,497	**6,759**	6,174
Retained profits	16	**101,772**	86,559	**19,554**	43,374
Total parent entity interest		**1,031,811**	929,635	**942,885**	867,127
Minority interest	16	**243,959**	242,707	**-**	-
Total equity		**1,275,770**	1,172,342	**942,885**	867,127

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2007

	Note	Consolidated		Parent entity	
		2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Total equity at beginning of the year		**1,172,342**	1,257,446	**867,127**	1,080,363
Exchange differences on translation of foreign operations	16	**(14,422)**	(17,811)	-	-
Unrealised exchange differences on currency hedges	16	**1,677**	(3,418)	-	-
Revaluation of investments	16	**130**	977	-	-
Net income recognised directly in equity		**(12,615)**	(20,252)	-	-
Profit from continuing operations		**206,007**	198,498	**128,403**	1,546
Recognised income and expense for the year		**193,392**	178,246	**128,403**	1,546
Transactions with equity holders in their capacity as equity holders					
Share buy-back	15	**(58,500)**	(139,585)	**(58,500)**	(139,585)
Option expense	16	**585**	3,100	**585**	3,100
Contributions of equity, net of transaction costs	15	**157,493**	39,009	**157,493**	39,009
Dividends provided for or paid	17	**(152,223)**	(117,306)	**(152,223)**	(117,306)
Other transactions with minority interest		**(37,319)**	(48,568)	-	-
Total equity at end of the year		**1,275,770**	1,172,342	**942,885**	867,127
Recognised income and expense for the year is attributable to :					
Members of APN News & Media Limited		**154,821**	139,271	**128,403**	1,546
Minority interest		**38,571**	38,975	-	-
Recognised income and expense for the year		**193,392**	178,246	**128,403**	1,546

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2007

	Note	Consolidated		Parent entity	
		2007	2006	**2007**	2006
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**1,448,208**	1,434,528	**3,919**	5,173
Payments to suppliers and employees		**(1,156,436)**	(1,125,373)	**(3,324)**	(6,032)
Dividends received		**1,277**	707	**118,000**	-
Interest received		**5,982**	5,521	**18,605**	18,488
Interest paid		**(71,769)**	(68,161)	**(4,970)**	(12,743)
Income taxes paid		**(15,935)**	(47,587)	**14,693**	(1,649)
Net cash inflows from operating activities	27	**211,327**	199,635	**146,923**	3,237
Cash flows from investing activities					
Payments for property, plant and equipment		**(65,596)**	(60,985)	-	-
Payments for software		**(2,336)**	(1,488)	-	-
Construction in progress pending resale		**-**	(28,764)	-	-
Proceeds on sale of assets constructed for resale		**-**	28,764	-	-
Proceeds from sale of property, plant and equipment		**29,766**	30,631	-	-
Proceeds from sale of Security Printing business		**-**	32,100	-	-
Payment for purchase of controlled entities	22	**-**	(500)	-	-
Payments for investments		**(13,618)**	(4,059)	-	-
Payments for goodwill		**(87,182)**	(4,077)	-	-
Payments for other intangible assets		**(9,019)**	(9,426)	-	-
Other		**2,439**	(1,295)	-	-
Net cash outflows from investing activities		**(145,546)**	(19,099)	-	-
Cash flows from financing activities					
Loans repaid by controlled entities		**-**	-	**55,521**	241,230
Loans (advanced to)/repaid by other entities		**(3,698)**	11,950	**-**	-
Proceeds from issues of shares		**11,327**	12,449	**11,327**	12,449
Share buy-back		**(58,500)**	(139,585)	**(58,500)**	(139,585)
Proceeds from borrowings		**506,299**	311,786	**-**	-
Repayments of borrowings		**(311,506)**	(215,525)	**(3,019)**	-
Proceeds from short-term construction financing		-	28,764	-	-
Repayment of short-term construction financing		-	(28,764)	-	-
Payments for borrowing costs		**(140)**	(1,409)	-	-
Principal repayments under finance leases		**(83)**	(73)	-	-
Dividends paid to shareholders		**(152,223)**	(117,306)	**(152,223)**	(117,306)
Net payments to minority interest		**(37,195)**	(38,152)	**-**	-
Net cash outflows from financing activities		**(45,719)**	(175,865)	**(146,894)**	(3,212)
Change in cash and cash equivalents		**20,062**	4,671	**29**	25
Cash and cash equivalents at beginning of the year		**70,681**	68,934	**483**	458
Effect of exchange rate changes		**(1,929)**	(2,924)	**-**	-
Cash and cash equivalents at end of the year	27	**88,814**	70,681	**512**	483

Non-cash from financing and investing activities 27

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Comparatives
Certain comparative amounts have been reclassified.

New standards/amendments
As at 31 December 2007, the following standards and interpretations had been issued which are not mandatory for 31 December 2007 reporting periods:

Pronouncements	**Title**	**Issue date**	**Operative date**
AASB 8	*Operating Segments*	February 2007	1 January 2009
AASB-I 11	*AASB 2 - Group and Treasury Share Transactions*	February 2007	1 March 2007
AASB-I 14	*IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	August 2007	1 January 2008
Revised AASB 101	*Presentation of Financial Statements*	September 2007	1 January 2009
Revised AASB 123	*Borrowing Costs*	June 2007	1 January 2009

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

(a) PRINCIPLES OF CONSOLIDATION

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer note 1(g)).

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

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

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

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

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

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

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

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

(b) SEGMENT REPORTING

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

(c) FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

(d) REVENUE RECOGNITION

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

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

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

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

(e) INCOME TAX

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

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

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

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

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

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

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

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

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

(f) LEASES

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

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

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

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

(g) ACQUISITIONS OF ASSETS

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer note 1(m)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) IMPAIRMENT OF ASSETS

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

(i) CASH AND CASH EQUIVALENTS

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

(j) RECEIVABLES AND PAYABLES

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

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

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

(k) INVENTORIES

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

(l) AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

(m) INTANGIBLE ASSETS

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

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

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

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

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

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

(vi) Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised but rather is subject to periodic impairment testing as described in note 1(h).

NOTES TO THE FINANCIAL STATEMENTS

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

(n) DERIVATIVES

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

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

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

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

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

(o) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

(p) BORROWINGS

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

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

(q) EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

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

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

(r) CONTRIBUTED EQUITY

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

NOTES TO THE FINANCIAL STATEMENTS

(s) EARNING PER SHARE

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

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

(t) DIVIDENDS

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

(u) ROUNDING OF AMOUNTS

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

2. RECLASSIFICATIONS

(a) Associates

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

(b) Deferred taxes

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
3. REVENUE AND EXPENSES				
3.1 REVENUE				
Advertising revenue	**1,268,650**	1,218,567	**-**	-
Revenue from sale of goods	**45,923**	74,310	**-**	-
Revenue before finance income	**1,314,573**	1,292,877	**-**	-
Dividends received				
Controlled entities	**-**	-	**118,000**	-
Other entities	**1,277**	707	**-**	-
Net gain on disposal of property, plant and equipment	**1,398**	2,788	**-**	-
Non-recurring gain on disposal of investments and properties (refer note 3.3)	**14,502**	29,062	**-**	-
Rent received - other entities	**1,019**	757	**-**	-
Bad debts recovered	**229**	350	**-**	-
Group service fees - controlled entities	**-**	-	**3,910**	5,199
Other	**7,241**	4,208	**-**	-
Other income	**25,666**	37,872	**121,910**	5,199
Interest received – associates	**1,028**	954	**-**	-
Interest received – controlled entity	**-**	-	**18,125**	18,125
Interest received – other entities	**4,954**	7,830	**480**	363
Finance income	**5,982**	8,784	**18,605**	18,488
Revenue and other income	**1,346,221**	1,339,533	**140,515**	23,687

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
3.2 EXPENSES				
Expenses before finance costs				
Publishing	**573,598**	557,249	-	-
Broadcasting	**174,105**	172,545	-	-
Outdoor	**239,599**	229,650	-	-
Corporate & other	**21,646**	39,675	**3,705**	9,211
Non-recurring costs (refer note 3.3)				
Corporate & other - business restructure	**13,853**	17,616	-	-
Corporate & other - scheme costs and other	**2,734**	-	-	-
Publishing - asset write-offs	**-**	3,553	-	-
Online establishment costs	**6,444**	6,407	-	-
Outdoor - business restructure and closure costs	**-**	2,168	-	-
Total expenses before finance costs	**1,031,979**	1,028,863	**3,705**	9,211
Depreciation				
Buildings	**1,559**	1,621	**-**	-
Plant and equipment	**31,202**	27,654	-	-
Total depreciation	**32,761**	29,275	**-**	-
Amortisation				
Borrowing costs	**2,501**	4,412	**841**	455
Plant and equipment under finance leases	**40**	128	-	-
Software	**2,223**	2,610	-	-
Radio licences	**1,821**	2,006	-	-
Other	**499**	508	-	-
Total amortisation	**7,084**	9,664	**841**	455
Finance costs				
Interest and finance charges	**66,980**	68,904	**3,100**	12,486
Borrowing costs amortisation	**2,501**	4,412	**841**	455
Amount capitalised	**(140)**	(1,410)	**-**	-
Total finance costs	**69,341**	71,906	**3,941**	12,941
Rental expense relating to operating leases				
Property	**18,065**	17,968	-	-
Outdoor site rentals				
Minimum lease payments	**110,146**	111,908	-	-
Contingent rentals	**19,102**	18,677	-	-
Total rental expense	**147,313**	148,553	-	-
Doubtful debts – trade debtors	**680**	(1,613)	**-**	-
Foreign exchange losses – controlled entities	**-**	-	**1,908**	4,845
Contributions to employee superannuation plans	**13,437**	13,802	**30**	30
Employee benefit expense	**370,103**	372,214	**-**	-

Employee benefit expense includes the impact of organic growth through new product investment as well as acquisitions. Excluding the impact of a strengthened New Zealand dollar, employee benefit expense decreased 1.5% over the prior year.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
3.3 NON-RECURRING ITEMS (pre tax)				
Corporate & other - gain on disposal of investments and properties	**13,397**	29,062	**-**	-
Corporate & other - profit on sale of business	**1,105**	-	**-**	-
Corporate & other - business restructure	**(13,853)**	(17,616)	**-**	-
Corporate & other - scheme costs and other	**(2,734)**	-	**-**	-
Publishing - asset write-offs	**-**	(3,553)	**-**	-
Online establishment costs	**(6,444)**	(6,407)	**-**	-
Outdoor - business restructure and closure costs	**-**	(2,168)	**-**	-
Net non-recurring items (pre tax)	**(8,529)**	(682)	**-**	-
Minority interest	**(1,727)**	(1,431)	**-**	-
Income tax	**8,285**	4,178	**-**	-
Net non-recurring items (post tax)	**(1,971)**	2,065	**-**	-

4. REMUNERATION OF AUDITORS

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
(i) Remuneration for audit or review of the financial reports				
PricewaterhouseCoopers – Australian firm	**976**	926	**34**	32
PricewaterhouseCoopers – overseas firm	**525**	479	**-**	-
Other firms	**344**	379	**-**	-
(ii) Remuneration for other assurance services				
PricewaterhouseCoopers – Australian firm	**69**	47	**8**	8
PricewaterhouseCoopers – overseas firm	**21**	29	**-**	-
Other firms	**2**	92	**-**	-
Total audit and other assurance services	**1,937**	1,952	**42**	40

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
(iii) Remuneration for other services				
PricewaterhouseCoopers – Australian firm				
Tax services				
• Consolidation	**26**	40	**-**	-
• Transactional advice	**180**	218	**-**	-
• Compliance	**183**	231	**-**	-
Other advisory services	**77**	160	**-**	-
PricewaterhouseCoopers – overseas firm				
Tax services				
• Transactional advice	**162**	191	**-**	-
• Compliance	**231**	183	**-**	-
Other advisory services	**27**	-	**-**	-
Other firms				
Tax services				
• Consolidation	**71**	14	**-**	-
• Transactional advice	**111**	47	**-**	-
• Compliance	**12**	216	**-**	-
Other advisory services	**30**	47	**-**	-
Total non-audit services	**1,110**	1,347	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Income tax expense differs from the amount prima facie payable as follows:				
Profit before income tax expense	**251,730**	243,694	**132,869**	1,535
Prima facie income tax at 30%	**75,519**	73,109	**39,861**	461
Tax effect of differences:				
Rebateable dividends	**-**	-	**(35,400)**	-
Option expense	**179**	930	**179**	930
Differences in international tax treatments and rates	**(22,298)**	(21,428)	**-**	-
Impact of adoption of Australian tax consolidation	**-**	(3,783)	**-**	-
Change in NZ tax rate	**(1,632)**	-	**-**	-
Other	**(3,689)**	(4,229)	**(145)**	(678)
Prima facie tax adjusted for differences	**48,079**	44,599	**4,495**	713
Deferred tax asset not recognised or written off	**-**	628	**-**	-
Over provision in prior years	**(2,356)**	(31)	**(29)**	(724)
Income tax expense	**45,723**	45,196	**4,466**	(11)
Reported income tax expense comprises:				
Current tax expense	**50,997**	41,459	**3,901**	2,436
Deferred tax expense	**(2,918)**	3,768	**594**	(1,723)
Over provision in prior years	**(2,356)**	(31)	**(29)**	(724)
Income tax expense	**45,723**	45,196	**4,466**	(11)

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

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
6. RECEIVABLES				
Current				
Trade debtors	**217,018**	202,915	**-**	-
Provision for doubtful debts	**(4,673)**	(3,993)	**-**	-
	212,345	198,922	**-**	-
Other loans	**291**	584	**-**	-
Loans to associates	**12,181**	10,590	**-**	-
Other debtors	**21,563**	13,606	**36**	-
Total current receivables	**246,380**	223,702	**36**	-
Non-current				
Loans to controlled entities – at call	**-**	-	**378,329**	360,204
Loans to related parties	**9,289**	7,174	**-**	-
Total non-current receivables	**9,289**	7,174	**378,329**	360,204

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

(a) Impaired receivables

As at 31 December 2007, current trade receivables of the Group with a nominal value of $6,344,000 (2006: $5,243,000) were impaired. For the purposes of this AASB 7 *Financial Instruments: Disclosures*, impaired receivables are regarded as those that are more than 60 days past due together with any other balances where the credit department considers collection to be in doubt. The amount of the provision was $4,673,000 ($2006: $3,993,000). It was assessed that a portion of the receivables is expected to be recovered. There were no impaired trade receivables for the parent entity in 2007 or 2006.

The ageing of these receivables is as follows:

Less than six months	**5,044**	3,555
Over six months	**1,300**	1,688
Impaired receivables	**6,344**	5,243

As of 31 December 2007, trade receivables of $58,682,000 (2006: $51,161,000) were past due but not impaired. These debtors are 90 days or less past due.

Movements in the provision for impairment of receivables are as follows:

Balance at beginning of the year	**3,993**	5,606
Provision for impairment expensed	**3,283**	1,618
Receivables written off	**(2,603)**	(3,231)
Provision for doubtful debts	**4,673**	3,993

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

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on previous collection history over 99.75% of these debtors would be expected to be collected.

NOTES TO THE FINANCIAL STATEMENTS

(b) Foreign exchange and interest rate risk

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

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Australian dollars	**147,351**	127,300	**378,365**	360,204
New Zealand dollars	**95,136**	91,055	**-**	-
Hong Kong dollars	**7,083**	5,634	**-**	-
Malaysian ringgit	**1,861**	3,214	**-**	-
Indonesian rupiah	**4,238**	3,673	**-**	-
	255,669	230,876	**378,365**	360,204

(c) Fair value and credit risk

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

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

	Consolidated 2007	Consolidated 2006	Parent entity 2007	Parent entity 2006
Loans to controlled entities – at call	**-**	-	**378,329**	360,204
Loans to related parties	**9,289**	7,174	**-**	-

The loans to related parties have no fixed term.

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

7. INVENTORIES

	Consolidated 2007	Consolidated 2006	Parent entity 2007	Parent entity 2006
Raw materials and stores - at cost	**21,220**	21,118	-	-
Work in progress - at cost	**722**	399	-	-
Finished goods - at net realisable value	**46**	422	-	-
Total inventories	**21,988**	21,939	-	-

8. OTHER FINANCIAL ASSETS

	Consolidated 2007	Consolidated 2006	Parent entity 2007	Parent entity 2006
Listed securities - at market value	**14,336**	8,127	**-**	-
Other securities - at cost				
Shares in controlled entities (refer note 22)	**-**	-	**10,000**	10,000
Amounts due from controlled entities - at call	**-**	-	**534,224**	610,216
Shares in other corporations	**22,998**	14,569	**-**	-
Total other financial assets	**37,334**	22,696	**544,224**	620,216

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
9. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At fair value [1]	**16,084**	22,277	**-**	-
Buildings				
At fair value [1]	**51,523**	64,710	**-**	-
Accumulated depreciation	**(13,781)**	(17,482)	**-**	-
	37,742	47,228	**-**	-
Plant and equipment				
At cost	**558,612**	529,959	**-**	-
Accumulated depreciation	**(336,349)**	(319,960)	**-**	-
Capital works in progress	**22,669**	13,000	**-**	-
	244,932	222,999	**-**	-
Plant and equipment				
Under finance lease	**314**	459	**-**	-
Accumulated amortisation	**(209)**	(358)	**-**	-
	105	101	**-**	-
Total property, plant and equipment	**298,863**	292,605	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2007 $'000	2006 $'000
Freehold land		
Carrying amount at beginning of the year	**22,277**	26,884
Disposals	**(5,751)**	(3,741)
Other adjustments	**(223)**	-
Foreign exchange differences	**(219)**	(866)
Carrying amount at end of the year	**16,084**	22,277
Buildings		
Carrying amount at beginning of the year	**47,228**	51,326
Additions	**2,163**	2,399
Disposals	**(9,668)**	(4,317)
Depreciation	**(1,559)**	(1,621)
Other adjustments	**100**	982
Foreign exchange differences	**(522)**	(1,541)
Carrying amount at end of the year	**37,742**	47,228
Plant and equipment		
Carrying amount at beginning of the year	**222,999**	210,468
Additions	**63,350**	58,565
Acquisition of controlled entities	**-**	78
Disposals	**(1,471)**	(11,509)
Depreciation	**(31,202)**	(27,654)
Other adjustments	**(5,467)**	102
Foreign exchange differences	**(3,277)**	(7,051)
Carrying amount at end of the year	**244,932**	222,999
Plant and equipment under finance lease		
Carrying amount at beginning of the year	**101**	259
Additions	**83**	21
Disposals	**(27)**	(1)
Amortisation	**(40)**	(128)
Other adjustments	**(3)**	(49)
Foreign exchange differences	**(9)**	(1)
Carrying amount at end of the year	**105**	101
Total property, plant and equipment		
Carrying amount at beginning of the year	**292,605**	288,937
Additions	**65,596**	60,985
Acquisition of controlled entities	**-**	78
Disposals	**(16,917)**	(19,568)
Depreciation and amortisation	**(32,801)**	(29,403)
Other adjustments	**(5,593)**	1,035
Foreign exchange differences	**(4,027)**	(9,459)
Carrying amount at end of the year	**298,863**	292,605

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

	2007 $'000	2006 $'000
Goodwill		
Carrying amount at beginning of the year	**212,646**	213,303
Additions	**87,066**	4,593
Disposals	**-**	(2,857)
Foreign exchange differences	**(1,524)**	(2,393)
Carrying amount at end of the year	**298,188**	212,646
Software		
Carrying amount at beginning of the year	**5,643**	7,272
Additions	**2,336**	1,488
Disposals	**(28)**	(150)
Foreign exchange differences	**(97)**	(357)
Amortisation	**(2,223)**	(2,610)
Other adjustments	**220**	-
Carrying amount at end of the year	**5,851**	5,643
Mastheads		
Carrying amount at beginning of the year	**1,107,385**	1,144,183
Acquisition of controlled entities	**-**	500
Additions	**8,497**	9,155
Foreign exchange differences	**(18,305)**	(46,453)
Carrying amount at end of the year	**1,097,577**	1,107,385

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2007 $'000	Consolidated 2006 $'000
Radio licences		
Carrying amount at beginning of the year	**309,598**	312,022
Additions	**523**	226
Foreign exchange differences	**(188)**	(644)
Amortisation	**(1,821)**	(2,006)
Carrying amount at end of the year	**308,112**	309,598
Brands		
Carrying amount at beginning of the year	**48,739**	51,085
Foreign exchange differences	**(1,383)**	(2,346)
Other adjustments	**(410)**	-
Carrying amount at end of the year	**46,946**	48,739
Lease intangibles		
Carrying amount at beginning of the year	**1,890**	2,139
Additions	**69**	-
Foreign exchange differences	**(18)**	-
Amortisation	**(486)**	(249)
Other adjustments	**527**	-
Carrying amount at end of the year	**1,982**	1,890

During the year, the Company acquired the remaining 50% of the shares in Toowoomba Newspapers Pty Ltd (TN) that it did not already own and which in substance represented a purchase of the minority interest in the masthead. As TN has historically been consolidated as part of the Group, prevailing accounting standards do not permit the masthead to be restated to fair value as part of the transaction. The excess of consideration over the recorded minority interest has been recognised as goodwill in accordance with AASB 127 *Consolidated and Separate Financial Statements.*

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

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

Where value in use calculations have been used, these calculations have been based on management budgets and forecasts for a five year period, extrapolated at estimated growth rates between 3% and 5% per annum being rates no higher than the long-term average growth rates for the CGU. Discount rates of between 12% and 15% per annum (before income tax) have been used.

No impairment losses have been incurred or reversed during the period.

Allocation of goodwill and non-amortising intangible assets to CGUs

Name of CGU	Consolidated 2007 $'000	Consolidated 2006 $'000
New Zealand National Publishing	**932,800**	942,500
Australian Regionals Publishing	**209,300**	119,200
New Zealand Regionals Publishing	**142,600**	145,089
Australian Broadcasting	**299,200**	299,200
New Zealand Broadcasting	**89,209**	92,727
Outdoor - Australia	**104,500**	104,500
Other	**18,700**	19,260
Total goodwill and non-amortising intangible assets	**1,796,309**	1,722,476

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
11. OTHER ASSETS AND DEFERRED TAX				
Current				
Tax assets	**5,628**	24,861	**5,628**	20,550
Prepayments	**29,998**	28,120	**29**	74
Other current assets	**29,998**	28,120	**29**	74
Deferred tax assets	**-**	-	**14,467**	16,358

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

	Balance 1 Jan 06	Recognised in income	Recognised in equity	Other movements	Balance 31 Dec 06
	$'000	$'000	$'000	$'000	$'000
Tax losses	16,641	(2,421)	-	-	14,220
Employee benefits	10,564	(782)	(67)	-	9,715
Doubtful debts	1,766	(456)	(52)	-	1,258
Accruals/restructuring	5,256	1,480	(51)	-	6,685
Intangible assets	(179,016)	(2,689)	18,077	(5,140)	(168,768)
Depreciation	(28,871)	(715)	731	-	(28,855)
Other	(5,153)	1,815	(2,967)	5,141	(1,164)
	(178,813)	(3,768)	15,671	1	(166,909)

Notes:
(1) Other movements represent reclassifications
(2) There are no material unbooked tax losses as at 31 December 2007

NOTES TO THE FINANCIAL STATEMENTS

(b) Movements in deferred tax – parent entity

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

	Balance 1 Jan 06 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Balance 31 Dec 06 $'000
Tax losses	16,641	-	-	(2,421)	14,220
Accruals/restructuring	508	1,586	-	-	2,094
Other	(93)	137	-	-	44
	17,056	1,723	-	(2,421)	16,358

12. PAYABLES

	Consolidated		**Parent entity**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current				
Trade and other payables	**161,810**	180,988	**340**	2,414
Amounts due to related entities	**5,909**	5,101	**-**	-
Other loans	**6,146**	7,105	**-**	-
Loans from directors and director-related entities (refer note 25)	**4,431**	4,101	**-**	-
Total current payables	**178,296**	197,295	**340**	2,414
Derivative financial instruments	**2,093**	3,418	**-**	-
Non-current				
Trade and other payables	**5,162**	5,558	**-**	-

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

Loans from Directors of Kurnia Outdoor Sdn Bhd, P Sapwell, S Koh, A Yew, G Khan, of $1,989,500 (2006: $1,107,363) are unsecured, interest bearing and repayable at call.

Loans from a Director of PT Rainbow Asia Posters, F Moniaga, of $2,441,119 (2006: $2,830,815) are unsecured, interest bearing and repayable at call.

Loans from a Director of APN News & Media Limited, PP Cody, of $Nil (2006: $162,946) are unsecured and non-interest bearing pursuant to the agreement to purchase PP Cody's shares in Cody Outdoor International (HK) Limited. This loan was repaid in 2007.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency risk

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

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Australian dollars	**79,292**	88,199	**340**	2,414
New Zealand dollars	**81,465**	93,346	**-**	-
Hong Kong dollars	**7,483**	4,762	**-**	-
Malaysian ringgit	**10,805**	12,913	**-**	-
Indonesian rupiah	**6,256**	6,896	**-**	-
Singapore dollars	**250**	155	**-**	-
	185,551	206,271	**340**	2,414

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

13. INTEREST BEARING LIABILITIES

Current (unsecured)				
Bank loans	**94,717**	89,364	-	-
Current (secured)				
Lease liabilities (refer note 21)	**51**	50	-	-
Total current interest bearing liabilities	**94,768**	89,414	-	-
Non-current				
Bank loans – unsecured	**845,833**	659,430	-	-
Convertible notes – unsecured	**-**	149,185	-	149,185
Lease liabilities – secured (refer note 21)	**4**	95	-	-
	845,837	808,710	-	149,185
Deduct				
Borrowing costs	**18,121**	23,354	**3,188**	3,188
Accumulated amortisation	**(13,189)**	(16,237)	**(3,188)**	(2,347)
Net borrowing costs	**4,932**	7,117	**-**	841
Total non-current interest bearing liabilities	**840,905**	801,593	-	148,344

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

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

Convertibles notes

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

Fair value and risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

(a) Risk exposures

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

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Six months or less	**761,288**	473,302	**-**	-
Six to twelve months	**47,590**	44,285	**-**	-
One to five years	**78,389**	301,195	**-**	148,344
Over five years	**48,406**	72,225	**-**	-
Interest bearing liabilities	**935,673**	891,007	**-**	148,344
Current borrowings	**94,768**	89,414	**-**	-
Non-current borrowings	**840,905**	801,593	**-**	148,344
Interest bearing liabilities	**935,673**	891,007	**-**	148,344

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

Australian dollars	**552,051**	561,838	**-**	148,344
New Zealand dollars	**383,622**	329,169	**-**	-
Interest bearing liabilities	**935,673**	891,007	**-**	148,344

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

(b) Capital risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

14. PROVISIONS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current				
Current tax provisions	**18,941**	5,299	**5,396**	-
Employee benefits	**6,791**	7,446	**-**	-
Restructuring provision [1]	**739**	6,662	**-**	-
Total current provisions	**7,530**	14,108	**-**	-

Movements in restructuring provision

	2007 $'000	2006 $'000
Carrying amount at beginning of the year	**6,662**	3,588
Payments	**(5,950)**	(1,681)
Foreign exchange differences	**27**	(160)
Amounts provided	**-**	4,915
Carrying amount at end of the year	**739**	6,662

[1] The restructuring provision includes:
- onerous contracts entered into by the Wilson & Horton Group prior to acquisition by APN
- expected redundancy costs related to formally announced restructuring plans

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Non-current				
Employee benefits	**1,352**	2,159	-	-
Total non-current provisions	**1,352**	2,159	-	-
Aggregate employee benefit liabilities				
Current provision	**6,791**	7,446	-	-
Non-current provision	**1,352**	2,159	-	-
Included in trade and other payables	**21,243**	21,870	-	-
Total employee benefit liabilities	**29,386**	31,475	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
15. CONTRIBUTED EQUITY				
Issued and paid up share capital	**916,572**	817,579	**916,572**	817,579

(a) Movements in contributed equity during the financial year

Date	Details	Number of shares	Issue price	$'000
1 January 2007	Opening balance	460,286,604		817,579
30 March 2007	Conversion of notes	18,747,679	$3.95	74,053
30 April 2007	Conversion of notes	18,256,297	$3.95	72,113
Various	EDOP issues	3,048,207	(1)	11,327
Various	Share buy-back	(11,214,407)	(2)	(58,500)
31 December 2007	**Closing balance**	**489,124,380**		**916,572**

(1) Issued during the year between $3.34 and $3.85 per share
(2) Share buy-back continued during the year at prices ranging from $4.99 to $5.49 per share

(b) Executive and Director Option Plan (EDOP)

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

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

Each option issued is convertible into one ordinary share.

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

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

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

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

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

(c) Ordinary shares

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

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

NOTES TO THE FINANCIAL STATEMENTS

(d) Options issued under EDOP

Grant date	Exercise price $	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
22 July 2002	3.54	487,200	-	(487,200)	-	-
24 May 2003	3.34	891,511	-	(504,510)	-	**387,001**
29 April 2004	3.85	5,251,497	-	(2,056,497)	(150,000)	**3,045,000**
30 September 2004	4.53	100,000	-	-	-	**100,000**
2 May 2006	5.02	8,585,000	-	-	(705,000)	**7,880,000**
		15,315,208	-	(3,048,207)	(855,000)	**11,412,001**

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

	Consolidated		Parent entity	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
16. RESERVES AND RETAINED PROFITS				
(a) Reserves				
Asset revaluation reserve	**4,845**	4,845	-	-
Investment revaluation reserve	**1,760**	1,630	-	-
Foreign currency translation reserve	**1,724**	16,146	-	-
Capital profits reserve	**120**	120	-	-
Share-based payments reserve	**6,759**	6,174	**6,759**	6,174
Hedging reserve	**(1,741)**	(3,418)	-	-
Total reserves	**13,467**	25,497	**6,759**	6,174
Investment revaluation reserve				
Balance at beginning of the year	**1,630**	653	-	-
Revaluation of listed securities	**130**	977	-	-
Balance at end of the year	**1,760**	1,630	-	-
Foreign currency translation reserve				
Balance at beginning of the year	**16,146**	33,955	-	-
Net exchange difference on translation of foreign controlled entities	**(14,422)**	(17,811)	-	-
Other	-	2	-	-
Balance at end of the year	**1,724**	16,146	-	-
Share-based payments reserve				
Balance at beginning of the year	**6,174**	3,074	**6,174**	3,074
Option expense	**585**	3,100	**585**	3,100
Balance at end of the year	**6,759**	6,174	**6,759**	6,174
Hedging reserve				
Balance at beginning of the year	**(3,418)**	-	-	-
Unrealised gain/(loss) on hedge contracts for the year	**1,677**	(3,418)	-	-
Balance at end of the year	**(1,741)**	(3,418)	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
(b) Retained profits				
Balance at beginning of the year	**86,559**	44,342	**43,374**	159,134
Net profit attributable to members of the parent entity	**167,436**	159,523	**128,403**	1,546
Dividends paid	**(152,223)**	(117,306)	**(152,223)**	(117,306)
Balance at end of the year	**101,772**	86,559	**19,554**	43,374

(c) Nature and purpose of reserves

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

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

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

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

(d) Minority interest in controlled entities

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Share capital	**208,909**	208,924	**-**	-
Reserves	**9,804**	8,409	**-**	-
Retained profits	**(24,487)**	(31,030)	**-**	-
Other	**49,733**	56,404	**-**	-
Minority interest in controlled entities	**243,959**	242,707	**-**	-

17. DIVIDENDS

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Unfranked final dividend for the year ended 31 December 2006 of 20.0 cents per share, paid on 18 June 2007 (2006: 15.4 cents per share franked to 4.62 cents per share)	**99,777**	72,816	**99,777**	72,816
Unfranked interim dividend for the year ended 31 December 2007 of 10.5 cents per share, paid on 27 September 2007 (2006: 9.7 cents per share franked to 2.91 cents per share)	**52,446**	44,490	**52,446**	44,490
Total dividends	**152,223**	117,306	**152,223**	117,306
Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and tax refunds due	**2,170**	3,488	**1,327**	3,000

NOTES TO THE FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

(a) Guarantees
The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2007 the facilities had been drawn to the extent of $863,991,763 (2006: $597,614,820). A standby letter of credit has been issued to Cedar Hill International Corporation, a subsidiary of JPMorgan Chase, on behalf of the consolidated entity to a maximum value of NZ$96,062,183 (2006: NZ$188,996,726) to support the masthead financing liability arising on the acquisition of Wilson & Horton Limited. As at 31 December 2007, no claims have been made against the standby letter of credit.

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

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

19. SUPERANNUATION

(a) Superannuation plans

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

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

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

(b) Balance sheet amounts

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

	Consolidated		**Parent entity**	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Australian shares	**7,125**	6,902	**-**	-
International shares	**5,567**	6,878	**-**	-
Other	**9,575**	9,938	**-**	-
Fair value of defined benefit scheme assets	**22,267**	23,718	**-**	-
Present value of the defined benefit obligation [1]	**(22,400)**	(23,766)	**-**	-
	(133)	(48)	**-**	-
Unrecognised net gain	**1,311**	637	**-**	-
Net asset	**1,178**	589	**-**	-

[1] includes contributions tax provision

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

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

Key assumptions used in the latest actuarial valuation are discount rate 5% (2006: 5%), salary inflation 4% and expected return on plan assets 6.8%. As at 31 December 2007, the plan assets have been invested in the following asset classes: Australian equities 32% (2006: 29%), international equities 25% (2006: 29%), property 5% (2006: 11%), cash and fixed interest 22% (2006: 28%) and other 16% (2006: 3%).

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Company service cost	**(695)**	(642)	-	-
Interest cost on defined benefit obligation	**(1,181)**	(1,192)	-	-
Expected return on assets	**1,639**	1,870	-	-
Benefit/(expense) recognised in income statement	**(237)**	36	-	-
Actual return on plan assets	**1,157**	1,112	-	-

20. CAPITAL COMMITMENTS – property, plant and equipment

Capital expenditure contracted for at balance date but not recognised as liabilities:				
Not later than one year	**11,462**	18,041	**-**	-
Later than one year but not later than five years	**1,540**	3,858	**-**	-
Total capital commitments	**13,002**	21,899	**-**	-

21. LEASE COMMITMENTS

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

Not later than one year	**109,918**	105,776	**-**	-
Later than one year but not later than five years	**262,390**	255,325	**-**	-
Later than five years	**91,266**	112,181	**-**	-
Commitments not recognised in the financial statements	**463,574**	473,282	**-**	-
Representing:				
Cancellable operating leases and rental commitments	**30,331**	18,780	**-**	-
Non-cancellable operating leases and rental commitments	**433,198**	454,462	**-**	-
Future finance lease charges	**45**	40	**-**	-
Commitments not recognised in the financial statements	**463,574**	473,282	**-**	-
Commitments for finance leases are payable as follows:				
Not later than one year	**64**	64	**-**	-
Later than one year but not later than five years	**36**	115	**-**	-
Later than five years	**-**	6	**-**	-
	100	185	**-**	-
Future finance charges on finance leases	**(45)**	(40)	**-**	-
Total lease liabilities	**55**	145	**-**	-
Representing lease liabilities (refer note 13):				
Current	**51**	50	**-**	-
Non-current	**4**	95	**-**	-
Total lease liabilities	**55**	145	**-**	-

The weighted average interest rate implicit in the leases is 8.2% per annum (2006: 8.2% per annum).

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

NOTES TO THE FINANCIAL STATEMENTS

22. INVESTMENTS IN CONTROLLED ENTITIES	Country of incorporation or formation	Equity holding 2007 %	2006 %
Actraint No. 116 Pty Limited [1, 4]	Australia	**50**	50
Adhoc Pty Ltd	Australia	**75**	75
Adspace Pty Ltd	Australia	**100**	100
Airplay Media Services Pty Limited [1, 4]	Australia	**50**	50
APN AP National Sales Pty Ltd [2]	Australia	**100**	100
APN Braeside Pty Ltd [1]	Australia	**100**	100
APN Broadcasting Investments Pty Limited [2, 3]	Australia	**100**	100
APN Broadcasting (Regionals) Pty [1, 4]	Australia	**50**	50
APN Business Magazines Pty Ltd [2]	Australia	**100**	100
APN Business Information Group Pty Ltd [2]	Australia	**100**	100
APN Computing Group Pty Ltd [2]	Australia	**100**	100
APN Digital Pty Ltd [2]	Australia	**100**	100
APN Digital NZ Limited	New Zealand	**100**	100
APN Educational Media Pty Limited [2]	Australia	**100**	100
APN Educational Media (NZ) Limited	New Zealand	**100**	100
APN Finance Pty Limited [2, 3]	Australia	**100**	100
APN Holdings NZ Limited	New Zealand	**100**	100
APN Lasting Impressions Pty Limited	Australia	**55**	55
APN Media (Asia) Pte Ltd	Singapore	**100**	100
APN Milperra Pty Ltd [1]	Australia	**100**	100
APN New Zealand Limited	New Zealand	**100**	100
APN Newspapers Pty Ltd [2, 3]	Australia	**100**	100
APN NZ Investments Limited	New Zealand	**100**	100
APN Occupational Superannuation Pty Ltd	Australia	**100**	100
APN Online (Australia) Pty Limited	Australia	**100**	100
APN Online (New Zealand) Limited	New Zealand	**100**	100
APN Outdoor Limited	New Zealand	**100**	100
APN Outdoor Pty Limited [2, 3]	Australia	**100**	100
APN Print NZ Limited	New Zealand	**100**	100
APN Printing Services Pty Ltd [2, 3]	Australia	**100**	100
APN Publishing (Asia) Pte Ltd	Singapore	**100**	100
APN Specialist Publications NZ Limited	New Zealand	**100**	100
APN Superannuation Pty Ltd	Australia	**100**	100
ARN Adelaide Pty Ltd [1, 4]	Australia	**50**	50
ARN Brisbane Pty Ltd [1, 4]	Australia	**50**	50
ARN Broadcasting Pty Ltd [1, 4]	Australia	**50**	50
ARN Communications Pty Ltd [1, 4]	Australia	**50**	50
ARN Holdings (NZ) Limited [1, 4]	New Zealand	**50**	50
ARN (NZ) Limited [1, 4]	New Zealand	**50**	50
ARN NZ Investments Limited [1, 4]	New Zealand	**50**	50
ARN New Zealand Pty Limited [1, 4]	Australia	**50**	50
ARN Overseas Pty Limited [1, 4]	Australia	**50**	50
ARN Perth Pty Ltd [1, 4]	Australia	**50**	50
ARNSAT Pty Limited [1, 4]	Australia	**50**	50
ARN South Australia Pty Ltd [1, 4]	Australia	**50**	50
ARN Superannuation Pty Ltd [1, 4]	Australia	**50**	50
Asia Posters Pte Ltd	Singapore	**100**	100
Asia Posters Sdn Bhd	Malaysia	**100**	100
The Australasian Advertising Company Pty Limited [2]	Australia	**100**	100
Australian Posters Pty Ltd [2]	Australia	**100**	100
Australian Provincial Newspapers International Pty Limited [2, 3]	Australia	**100**	100
Australian Provincial Newspapers Ltd [2, 3]	Australia	**100**	100
Australian Radio Network Pty Limited [1, 4]	Australia	**50**	50
Australian Radio Network Sales Pty Ltd [1, 4]	Australia	**50**	50
Biffin Pty Limited [2, 3]	Australia	**100**	100
Blue Mountains Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Border Newspapers Pty Ltd [2]	Australia	**100**	100
Brisbane FM Radio Pty Ltd [1, 5]	Australia	**25**	25
Broad Developments Limited [1, 4]	New Zealand	**50**	50
The Brisbane Publishing Company Pty Ltd [2]	Australia	**100**	100
The Bundaberg Newspaper Company Pty Limited [2, 3]	Australia	**100**	100
Buspak Advertising (China) Limited	Hong Kong	**100**	100
Buspak Advertising Group Pty Ltd [2, 3]	Australia	**100**	100
Buspak Advertising (Hong Kong) Limited [6]	Hong Kong	**50**	50

NOTES TO THE FINANCIAL STATEMENTS

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)	Country of incorporation or formation	Equity holding 2007 %	2006 %
Buspak Advertising (Singapore) Pte Ltd	Singapore	**100**	100
Byron Shire News Pty Ltd [2]	Australia	**100**	100
Calcom Sdn Bhd [11]	Malaysia	**35**	35
Campus Review Pty Ltd [2]	Australia	**100**	100
Capital City Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Capricornia Newspapers Pty Ltd [2, 3]	Australia	**100**	100
Captive Media Pty Limited [2]	Australia	**100**	100
Cardcorp (Manufacturing) Pty Limited 1	Australia	**100**	100
Central Coast Broadcasting Pty [1, 4]	Australia	**50**	50
Central Queensland News Publishing Company Pty Ltd [2]	Australia	**100**	100
Central Telegraph Pty Ltd [2]	Australia	**100**	100
Chinchilla Newspapers Pty Ltd [2]	Australia	**100**	100
Cody Link Pty Ltd [2, 3]	Australia	**100**	100
Cody Outdoor Advertising Pty Limited [2, 3]	Australia	**100**	100
Cody Outdoor International (HK) Limited [7]	Hong Kong	**50**	50
Commonwealth Broadcasting Corporation Pty Ltd [1, 4]	Australia	**50**	50
Daily Commercial News Pty Ltd [2]	Australia	**100**	100
The Daily Examiner Pty Ltd [2]	Australia	**100**	100
Dalby Herald Pty Ltd [2]	Australia	**100**	50
DCN (Electronic Services) Pty Ltd [2]	Australia	**100**	100
Double T Radio Pty Ltd [1, 4]	Australia	**50**	50
Eastcott Investments Pty Ltd [2, 3]	Australia	**100**	100
Everfact Pty Limited [2, 3]	Australia	**100**	100
Everfact Unit Trust	Australia	**100**	100
5AD Broadcasting Company Pty Ltd [1, 4]	Australia	**50**	50
Focus Communications Limited [8]	Hong Kong	**50**	50
Focus Panel Advertising Limited [8]	Hong Kong	**45**	45
Gatton Star Pty Ltd 2	Australia	**100**	50
Gladstone Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
The Gold Coast Press Pty Limited [2]	Australia	**100**	100
GSP Print Pty Ltd [2]	Australia	**100**	100
Gulgong Pty Limited [2, 3]	Australia	**100**	100
Gympie Times Pty Ltd [2]	Australia	**100**	100
Haswell Pty Limited [2, 3]	Australia	**100**	100
Jupiter Outdoor Network Sdn Bhd [9]	Malaysia	**50**	50
KAFM Broadcasters Proprietary Limited [1, 4]	Australia	**50**	50
Kelly Publications Pty Ltd [2]	Australia	**100**	100
Kurnia Outdoor Production Sdn Bhd [10]	Malaysia	**50**	50
Kurnia Outdoor Sdn Bhd [9]	Malaysia	**50**	50
Longbeach Publications Pty Ltd [2]	Australia	**100**	100
Longbeach Publications Unit Trust	Australia	**100**	100
Lokasi Sejagat Sdn Bhd [12]	Malaysia	**50**	50
The Mackay Printing and Publishing Company Pty Limited [2, 3]	Australia	**100**	100
The Maryborough Hervey Bay Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
Marnin Limited [14]	Ireland	**-**	-
Media Tek Pty Limited [2, 3]	Australia	**100**	100
Melbourne Independent Newspapers Pty Ltd [2]	Australia	**100**	100
Michael Nettlefold Pty Ltd [2]	Australia	**100**	100
Mt Maunganui Publishing Co Limited	New Zealand	**100**	100
National Outdoor Advertising Pty Limited [2]	Australia	**100**	100
Nettlefold Advertising Pty Ltd [2]	Australia	**100**	100
Nettlefold Outdoor Advertising Trust	Australia	**100**	100
New Hobsons Press Pty Limited	Australia	**100**	100
New Zealand Radio Network Limited [1, 4]	New Zealand	**50**	50
North Coast News Pty Ltd [2, 3]	Australia	**100**	100
Northern Star Ltd [2, 3]	Australia	**100**	100
Observer Times (Hervey Bay) Pty Ltd [2]	Australia	**100**	100
Outdoor Network Co Ltd	Thailand	**100**	100
Peterhouse Proprietary Limited [2]	Australia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

22. INVESTMENTS IN CONTROLLED ENTITIES (continued)	Country of incorporation or formation	Equity holding 2007 %	2006 %
Provincial Investments Pty Ltd [2, 3]	Australia	**100**	100
PT Rainbow Asia Posters [13]	Indonesia	**50**	50
The Queensland Times Pty Limited [2, 3]	Australia	**100**	100
Radiowise Pty Ltd [1, 4]	Australia	**50**	50
Reach Network Pty Ltd [2]	Australia	**100**	100
Regional Publishers Limited	New Zealand	**100**	100
Regmax Pty Limited [1, 4]	Australia	**50**	50
Sabawin Pty Limited [2]	Australia	**100**	100
Skyten Marketing Sdn Bhd [12]	Malaysia	**50**	50
SOL Australia Pty Ltd [2]	Australia	**100**	100
The South Burnett Times Pty Ltd [2]	Australia	**100**	100
Southern State Broadcasters Pty Limited [1, 4]	Australia	**50**	50
Speedlink Services Pty Ltd [1, 4]	Australia	**50**	50
Stanley Newcomb & Company Limited	New Zealand	**100**	100
Stanthorpe Newspapers Services Unit Trust	Australia	**100**	100
Style Magazines Pty Ltd [15]	Australia	**50**	50
SunCoastal FM Radio Pty Ltd [1, 4]	Australia	**50**	50
Sunshine Coast Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
Taxi Top Advertising Co Ltd	Thailand	**100**	100
Taximedia (Hong Kong) Limited [7]	Hong Kong	**50**	50
Taximedia Pty Ltd [2]	Australia	**100**	100
The Internet Amusements Group Pty Limited [1, 4]	Australia	**50**	50
The Radio Bureau Limited [1, 4]	New Zealand	**50**	50
The Radio Network of NZ Limited [1, 4]	New Zealand	**50**	50
The Radio Network Limited [1, 4]	New Zealand	**50**	50
The Tweed Newspaper Co Pty Ltd [2, 3]	Australia	**100**	100
TMS Outdoor Advertising Pty Limited [2]	Australia	**100**	100
Toowoomba Internet Pty Ltd	Australia	**-**	50
Toowoomba Newspapers Pty Ltd [2, 3]	Australia	**100**	50
Total Cab Media Pty Ltd	Australia	**100**	100
Trade Debts Collecting Company Limited	New Zealand	**100**	100
Transit Video Enterprises Pty Limited	Australia	**100**	100
TRB Holdings (2004) Limited [1, 4]	New Zealand	**50**	50
Universal Outdoor Co Ltd	Thailand	**100**	100
Universal Outdoor Pty Limited [2, 3]	Australia	**100**	100
Universal Radio Pty Ltd [1, 4]	Australia	**50**	50
Valtoff Pty Limited [2, 3]	Australia	**100**	100
The Warwick Newspaper Pty Limited [2, 3]	Australia	**100**	100
Wawasan Kilat Sdn Bhd [12]	Malaysia	**50**	50
Wesgo [1, 4]	Australia	**50**	50
West Sydney Radio Pty Ltd [1, 4]	Australia	**50**	50
Westat Research Pty Ltd [1, 4]	Australia	**50**	50
Western Australia Investments Pty Ltd	Australia	**100**	100
Western Star Pty Ltd [2]	Australia	**100**	50
Whitsunday Times Unit Trust	Australia	**75**	75
Wilson & Horton Australia Pty Ltd [1]	Australia	**100**	100
Wilson & Horton Finance Pty Ltd [2]	Australia	**100**	100
Wilson & Horton Limited	New Zealand	**100**	100
Wilson & Horton Provident Nominees Limited	New Zealand	**100**	100
W&H Interactive Limited	New Zealand	**100**	100
Yourbiz Holdings Limited [1, 4]	New Zealand	**50**	50
Zodiac Australia Pty Ltd [2]	Australia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

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

[2] These companies are parties to a Deed of Cross Guarantee dated 5 December 2007 under which each company guarantees the debts of the others. These companies represent a Closed Group for the purposes of the Class Order. There are no other members of the Extended Closed Group. Dalby Herald Pty Ltd, Gatton Star Pty Ltd, Toowoomba Newspapers Pty Ltd and Western Star Pty Ltd were added to the Deed of Cross Guarantee by Assumption Deed dated 20 December 2007.

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

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

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

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

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

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

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

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

[11] This entity is 70% owned by Jupiter Outdoor Network Sdn Bhd.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Set out below is a consolidated income statement for the year ended 31 December 2007 for the Closed Group:

	Consolidated	
	2007	2006
	$'000	$'000
Revenue before finance income	**467,651**	404,456
Other income	**28,947**	32,808
Expenses before finance costs	**(381,576)**	(338,443)
Finance income	**1,796**	2,085
Finance costs	**(85,842)**	(68,651)
Net finance costs	**(84,046)**	(66,566)
Share of profits of associates	**7,882**	5,051
Profit before income tax expense	**38,858**	37,306
Income tax expense	**(139)**	1,951
Profit from continuing operations	**38,719**	39,257
Net profit attributable to minority interest	**59**	(55)
Net profit attributable to members of the parent entity	**38,778**	39,202
Accumulated losses		
Balance at beginning of the year	**(277,401)**	(191,715)
Net profit attributable to members of the parent entity	**38,778**	39,202
Transfer from foreign currency translation reserve	**(1,859)**	(7,582)
Dividends paid	**(152,223)**	(117,306)
Balance at end of the year	**(392,705)**	(277,401)

NOTES TO THE FINANCIAL STATEMENTS

Set out below is a consolidated balance sheet as at 31 December 2007 of the Closed Group:

	Consolidated	
	2007	2006
	$'000	$'000
Current assets		
Cash and cash equivalents	**8,542**	10,833
Receivables	**131,780**	124,497
Inventories	**5,768**	6,325
Tax assets	**5,628**	20,550
Other	**11,374**	10,537
Total current assets	**163,092**	172,742
Non-current assets		
Receivables	**117,746**	119,864
Other financial assets	**492,251**	473,694
Property, plant and equipment	**105,702**	88,266
Intangible assets	**790,717**	718,311
Other	**52,129**	37,074
Total non-current assets	**1,558,545**	1,437,209
Total assets	**1,721,637**	1,609,951
Current liabilities		
Payables	**502,322**	366,028
Derivative financial instruments	**2,093**	3,418
Interest bearing liabilities	**-**	-
Provisions	**14,623**	8,113
Total current liabilities	**519,038**	377,559
Non-current liabilities		
Payables	**4,153**	4,315
Interest bearing liabilities	**710,214**	721,185
Provisions	**23,828**	27,702
Total non-current liabilities	**738,195**	753,202
Total liabilities	**1,257,233**	1,130,761
Net assets	**464,404**	479,190
Equity		
Contributed equity	**916,561**	817,569
Reserves	**(59,448)**	(61,033)
Accumulated losses	**(392,705)**	(277,401)
Total parent entity interest	**464,408**	479,135
Minority interest	**(4)**	55
Total equity	**464,404**	479,190

NOTES TO THE FINANCIAL STATEMENTS

Acquisition of controlled entities

On 4 August 2006, the Group acquired 50% of the capital of Style Magazines Pty Ltd. Details of the cash flow and consideration relating to the acquisition and the assets and liabilities of the entity as at the date of acquisition were as follows:

	Consolidated	
	2007	2006
	$'000	$'000
Cash outflow in the consolidated entity	-	(500)
Add cash balances acquired	-	-
Cash consideration paid by the acquiring entity	-	(500)
Costs of the acquisition	-	-
Fair value of identifiable net assets acquired	-	(500)
Fair value of net assets acquired		
Intangible assets	-	500
Fair value of net assets acquired	-	500
Goodwill on consolidation	-	-
Cash consideration (including costs)	-	500

NOTES TO THE FINANCIAL STATEMENTS

23. INVESTMENTS IN ASSOCIATES

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

Name of associate	Principal activity	Country of incorporation and principal place of business	Ownership interest		Consolidated Carrying values	
			2007 %	2006 %	**2007 $'000**	2006 $'000
Adshel Street Furniture Pty Limited	Outdoor advertising	Australia	**50**	50	**25,360**	20,581
Pan TV Ltd	Television production	Australia	**30**	30	**1,137**	908
Marcus Oaks Pty Ltd	Sign fitting	Australia	**50**	50	**454**	448
APNfinda Ltd	Online business directories	New Zealand	**50**	50	**(530)**	1,094
Sell Me Free Ltd	Online general classifieds	New Zealand	**50**	50	**1,858**	2,672
Eventfinder Limited	Online events directory	New Zealand	**50**	-	**876**	-
					29,155	25,703

	Consolidated	
	2007 $'000	2006 $'000
(a) Movements in carrying amounts of investments in associates		
Carrying amount at beginning of the year	**25,703**	19,488
Additions	**876**	3,785
Share of profit after income tax expense	**6,829**	4,930
Dividends received	**(3,097)**	(2,500)
Other	**(1,156)**	-
Carrying amount at end of the year	**29,155**	25,703
(b) Results attributable to associates		
Earnings before interest and tax	**12,277**	11,591
Net finance costs	**(2,169)**	(2,496)
Profit before income tax expense	**10,108**	9,095
Income tax expense	**(3,279)**	(4,165)
Profit after income tax expense	**6,829**	4,930
Dividends received	**(3,097)**	(2,500)
	3,732	2,430
Retained profits attributable to associates at beginning of the year	**14,387**	11,957
Retained profits attributable to associates at end of the year	**18,119**	14,387
(c) Share of associates' expenditure commitments		
Capital commitments	**5,985**	8,236
Lease commitments	**115,901**	45,718
	121,886	53,954

(d) Summarised financial information of associates	Group's share of:		
	Assets $'000	Liabilities $'000	Revenue $'000
2007	**73,058**	**46,026**	**60,277**
2006	71,537	46,652	49,421

NOTES TO THE FINANCIAL STATEMENTS

24. SEGMENT INFORMATION

Primary segments – industry

The consolidated entity operates predominately in the following industries:
Publishing of newspapers, magazines, directories, printing and online publishing
Broadcasting of radio transmissions
Outdoor – specialist transit and static outdoor advertising

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2007	2006
	$'000	$'000
Segment assets		
Publishing	**1,478,471**	1,373,799
Broadcasting	**578,496**	565,486
Outdoor	**400,479**	382,152
Corporate & other	**123,372**	136,658
	2,580,818	2,458,095
Segment liabilities		
Publishing	**334,305**	434,685
Broadcasting	**64,737**	53,834
Outdoor	**169,822**	169,254
Corporate & other	**736,184**	627,980
	1,305,048	1,285,753
Investments in associates		
Publishing	**2,204**	3,766
Broadcasting	**1,137**	908
Outdoor	**25,814**	21,029
	29,155	25,703
Share of profits of associates		
Publishing	**(1,282)**	(244)
Broadcasting	**229**	122
Outdoor	**7,882**	5,052
	6,829	4,930
Acquisition of segment assets		
Publishing	**141,202**	53,093
Broadcasting	**6,897**	9,095
Outdoor	**11,224**	9,595
Corporate & other	**4,810**	3,768
	164,133	75,551
Depreciation and amortisation (including amortisation of borrowing costs)		
Publishing	**20,483**	16,420
Broadcasting	**6,703**	5,664
Outdoor	**6,813**	6,697
Corporate & other	**5,846**	10,158
	39,845	38,939

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2007 $'000	2006 $'000
Secondary segments – geographic		
Revenue from external customers		
Australia	**621,804**	588,750
New Zealand	**619,234**	633,967
Asia	**73,535**	70,160
	1,314,573	1,292,877
Segment results (before interest and income tax)		
Australia	**170,685**	154,614
New Zealand	**145,783**	144,655
Asia	**7,826**	5,870
Segment result excluding operations closed/sold during the period	**324,294**	305,139
Result from operations closed/sold during the period		
Australia	**50**	(860)
New Zealand	**(726)**	3,219
Segment result including operations closed/sold during the period	**323,618**	307,498
Non-recurring items		
Australia – gain on disposal of investments and properties	**2,133**	4,998
Australia – restructure costs and asset write-offs	**(14,782)**	(14,260)
New Zealand – gain on disposal of investments and properties	**12,370**	24,064
New Zealand – restructure costs	**(8,250)**	(14,885)
Asia – restructure costs	**-**	(599)
	(8,529)	(682)
Profit from continuing operations before interest and tax	**315,089**	306,816
Segment assets		
Australia	**1,036,268**	897,715
New Zealand	**1,496,227**	1,509,395
Asia	**48,323**	50,985
	2,580,818	2,458,095
Acquisition of segment assets		
Australia	**137,670**	48,676
New Zealand	**25,197**	25,261
Asia	**1,266**	1,614
	164,133	75,551

Notes to and forming part of segment information

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

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

NOTES TO THE FINANCIAL STATEMENTS

25. RELATED PARTY INFORMATION

Directors and Relevant Executives

The following Relevant Executives together with Brendan Hopkins and the other Directors were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the parent entity and consolidated entity during the financial year:

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

Mark Jamieson was appointed CEO Australian Publishing July 2006.

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

	Short-term	Post-employment	Amortised cost of options	Total including amortised cost of options
2007	**$8,248,436**	**$623,341**	**$597,732**	**$9,469,509**
2006	$8,314,294	$626,353	$991,739	$9,932,386

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

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Unsecured and interest bearing loans				
Loans from Directors of entities in the consolidated entity and their director-related entities, are disclosed in note 12.				
Loan repayments - P Sapwell, S Koh, A Yew and G Khan	**518**	163	-	-
Net interest paid/payable on loans from Directors of entities in the consolidated entity and their director-related entities	**67**	300	-	-
Dividend paid/payable	**1,376**	-	-	-

Transactions with entities in the wholly-owned group

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

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

NOTES TO THE FINANCIAL STATEMENTS

Transactions with other related parties

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

Transaction type	Class of other related party	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Loan repayments	Controlled entities (i)	**-**	-	**57,867**	241,774
Loan interest received	Associates (ii)	**1,028**	954	**-**	-
Group service fees received	Controlled entities (iii)	**-**	-	**3,910**	5,199
Dividends received	Controlled entity (iv)	**-**	-	**118,000**	-
Dividends paid	Other related parties (v)	**58,420**	48,077	**58,420**	48,077
Independent News & Media fees	Other related party (vi)	**1,115**	1,115	**-**	-
Interest received	Controlled entity (vii)	**-**	-	**18,125**	18,125
Management fees receivable	Associates (viii)	**799**	545	**-**	-

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

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

26. EARNINGS PER SHARE

(a) Earnings per share (eps)	**2007 cents**	2006 cents
Basic eps – post NRI	**34.5**	34.3
Diluted eps – post NRI	**34.0**	32.9
Basic eps – pre NRI	**34.9**	33.9
Diluted eps – pre NRI	**34.4**	32.5

(b) Reconciliation of earnings used in calculating eps	**$'000**	$'000
Net profit attributable to members of the parent entity used in calculating basic eps	**167,436**	159,523
Interest saving on convertible notes	**2,170**	8,737
Net profit attributable to members of the parent entity used in calculating diluted eps	**169,606**	168,260

(c) Weighted average number of shares	**Number**	Number
Weighted average number of shares used as the denominator in calculating basic eps	**485,791,000**	464,973,239
Adjusted for calculation of diluted eps		
Options	**2,681,235**	2,709,690
Convertible notes	**10,660,739**	43,363,654
Weighted average number of shares used as the denominator in calculating diluted eps	**499,132,974**	511,046,583

Options

The parent entity granted share options in respect of ordinary shares to employees between 1999 and 2006 (refer note 15). These options, which are exercisable between three and five years from date of grant and expire on termination of the employees' service (except in special circumstances) or after the five year period, are considered to be dilutive and are included in the calculation of diluted eps.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Parent entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000

27. CASH FLOW INFORMATION

Reconciliation of cash

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Cash and cash equivalents	**88,814**	70,681	**512**	483

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Profit from continuing operations	**206,007**	198,498	**128,403**	1,547
Depreciation and amortisation	**39,845**	38,939	**841**	455
Net gain on sale of non-current assets	**(15,894)**	(35,384)	**-**	-
Share of profits of associates	**(6,829)**	(4,930)	**-**	-
Other non-cash items	**357**	4,476	**585**	3,100
Change in current/deferred tax payable	**26,692**	(3,491)	**19,159**	(1,660)
Changes in assets and liabilities net of effect of acquisitions:				
Trade and other debtors	**(19,182)**	(8,022)	**(36)**	28
Inventories	**300**	2,206	**-**	-
Prepayments	**(3,643)**	(3,187)	**45**	(55)
Trade and other payables and employee benefits	**(16,326)**	10,530	**(2,074)**	(178)
Net cash inflows from operating activities	**211,327**	199,635	**146,923**	3,237

Non-cash financing and investing activities

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

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

28. STANDBY ARRANGEMENTS AND CREDIT FACILITIES

Entities in the consolidated entity have access to:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent entity 2007 $'000	Parent entity 2006 $'000
Overdraft facilities				
Unsecured bank overdraft facility totalling	**8,463**	8,112	**-**	-
Amount of credit utilised	**(365)**	-	**-**	-
Amount of available credit	**8,098**	8,112	**-**	-
Loan facilities (unsecured)				
Unsecured bank loan facility totalling	**998,807**	968,852	**-**	-
Amount of facility utilised	**(948,183)**	(766,349)	**-**	-
Amount of available facility	**50,624**	202,503	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. The Group's revenue and cost base are influenced by inflation and Gross Domestic Product, which are also significant factors in interest rate movements. The Group's natural business cycle therefore enables it to absorb interest rate increases. The level of fixed rate facilities have however, decreased in 2007 and the Group will explore the use of interest rate swaps to reduce volatility from interest rate movements. During 2007 and 2006, the Group's borrowings at variable rate were dominated in Australian dollars and New Zealand dollars.

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

Based on the outstanding net floating debt at 31 December 2007, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by $5.3 million lower/higher (2006: $3.6 million lower/higher). The parent entity has no significant exposure to a change in interest rates.

(ii) Foreign exchange risk

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

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

(iii) Price risk

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

(b) Credit risk

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

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

(c) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

31 December 2006	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Bank loans (including interest to maturity)	142,157	311,395	565,559	84,352
Other loans	20,382	-	-	-
Gross liability	162,539	311,395	565,559	84,352
Less: interest	(53,482)	(65,963)	(75,674)	(10,984)
Principal	109,057	245,432	489,885	73,368

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

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

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

31 December 2006	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Forward foreign exchange contracts				
(i) cash flow hedges				
- inflow	34,091	-	-	-
- outflow	37,127	-	-	-
(ii) non-specific cash flow hedges				
- inflow	114,725	-	-	-
- outflow	112,069	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES

(a) Foreign exchange contracts – cash flow hedges

During the year ended 31 December 2007, a loss of $Nil (2006: $Nil) was removed from equity and included in the acquisition cost of components and a loss of $3,418,000 (2006: $Nil) was transferred to other expenses in the income statement.

(b) Foreign exchange contracts - held for trading

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

(c) Credit risk exposure

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on derivative financial instruments with unrealised gains. At reporting date, no amount was receivable (Australian dollar equivalents) for the Group from forward exchange contracts (2006: $Nil). The Group undertakes approximately 100% of its transactions in foreign exchange contracts with financial institutions.

(d) Interest rate swaps

The consolidated entity has two interest rate swaps outstanding as at 31 December 2007. These two swaps offset each other, leaving the consolidated entity with no net exposure from interest rate swaps. The two swaps have a notional principal amount of NZ$169,596,894 each and mature in the next six months.

(e) Interest rate and foreign exchange risk

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Sell New Zealand dollars	**Buy Australian dollars**		**Average exchange rate**	
	2007	2006	**2007**	2006
	$'000	$'000		
Maturity				
Zero to 12 months	**37,280**	114,725	1.1534	1.1331

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

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

Buy US dollars	**Sell New Zealand dollars**		**Average exchange rate**	
	2007	2006	**2007**	2006
	$'000	$'000		
Maturity				
Zero to 12 months	**9,240**	31,127	**0.622**	0.6152

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

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

Buy euro	**Sell Australian dollars**		**Average exchange rate**	
	2007	2006	**2007**	2006
	$'000	$'000		
Maturity				
Zero to 12 months	**-**	5,975	**-**	0.5755

Buy United States dollars	**Sell Australian dollars**		**Average exchange rate**	
	2007	2006	**2007**	2006
	$'000	$'000		
Maturity				
Zero to 12 months	**6,758**	1,981	**0.8329**	0.7512

Buy Swiss francs	**Sell Australian dollars**		**Average exchange rate**	
	2007	2006	**2007**	2006
	$'000	$'000		
Maturity				
Zero to 12 months	**273**	2,337	**0.9014**	0.9466

31. SUBSEQUENT EVENTS

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or consolidated financial statements that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 35 to 83 are in accordance with the *Corporations Act 2001*, including:

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

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

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

(c) the remuneration disclosures set out on pages 20 to 28 of the Directors' Report comply with AASB 124 *Related Party Disclosures* and *Corporations Regulations 2001*; and

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

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

JJ Parkinson
Director

BMA Hopkins
Director

Sydney
28 March 2008

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Independent auditor's report to the members of APN News & Media Limited

Report on the financial report and the AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of APN News & Media Limited (the company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both APN News & Media Limited and the APN News & Media Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report under the heading "remuneration report" in pages 20 to 28 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

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

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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Auditor's responsibility

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

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

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

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

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

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

Independence

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

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Auditor's opinion on the financial report

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

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

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

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 20 to 28 of the directors' report comply with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Steven Bosiljevac
Partner

Sydney
28 March 2008

Information on Shareholders

1. Shares

(a) Substantial shareholders

The following information is extracted from substantial shareholder notices received by the Company as at 5 March 2008:

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

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

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

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

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

There were 360 holders of less than a marketable parcel.

(d) Voting rights of shareholders

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

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

2. Options

Analysis of individual option holdings as at 5 March 2008

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

3. Directors' interests

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

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