

Appendix 4E

APN News & Media Limited

ABN 95 008 637 643

Preliminary final report

Full year ended 31 December 2011

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Refer to separate press release for commentary on results for the period

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Results for Announcement to the Market

As reported				
Revenue from continuing operations	up	1%	to	\$1,072.4m
Net profit attributable to members of the parent entity	down	148%	to	(\$45.1m)
Refer to separate press release for commentary on results for the period				

Dividends	Amount per share	Franked amount per share
Final 2011 dividend	5.0 cents	1.5 cents
Interim 2011 dividend	3.5 cents	3.5cents
Record date for determining entitlements to the final dividend	8 March 2012	
Date dividend payable	30 March 2012	

There is no foreign conduit income attributed to the final dividend for the year ended 31 December 2011.

Consolidated Income Statement
for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Revenue from continuing operations	2	1,072,394	1,059,085
Other revenue and income	2	24,538	4,731
Total revenue and other income		1,096,932	1,063,816
Impairment of intangible assets	8	(159,495)	-
Expenses from operations excluding finance costs	3	(944,652)	(866,714)
Finance costs		(57,214)	(50,457)
Share of profits of associates		5,807	3,002
Profit / (Loss) before income tax expense		(58,622)	149,647
Income tax credit / (expense)	6	39,686	(30,061)
Profit / (Loss) from continuing operations		(18,936)	119,586
Loss from discontinued operations		-	(4,862)
Profit / (Loss) for the year		(18,936)	114,724
Profit attributable to non-controlling interest		(26,134)	(20,968)
Profit / (Loss) attributable to owners of the parent entity		(45,070)	93,756
Earnings per share from continuing operations			
Basic/diluted earnings / (loss) per share		(7.3) cents	16.4 cents
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings / (loss) per share		(7.3) cents	15.6 cents

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Profit / (loss) for the year		(18,936)	114,724
Other comprehensive income			
Exchange differences on translation of foreign operations		4,758	(31,580)
Change in fair value of hedges		(3,608)	(666)
Exchange and other differences applicable to non-controlling interest		(288)	(6,574)
Other comprehensive income, net of tax		862	(38,820)
Total comprehensive income		(18,074)	75,904
Total comprehensive income attributable to:			
Owners of the parent entity		(43,920)	61,510
Non-controlling interest		25,846	14,394
		(18,074)	75,904

Consolidated Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
Current assets			
Cash and cash equivalents	14	23,885	63,539
Trade and other receivables		169,085	169,185
Inventories		9,053	12,404
Derivative assets		-	263
Income tax receivable		546	-
Other current assets		27,907	26,417
Total current assets		230,476	271,808
Non-current assets			
Receivables		1,516	4,186
Other financial assets		31,164	26,172
Investments accounted for using the equity method		43,331	41,152
Property, plant and equipment		233,066	243,335
Intangible assets	8	1,456,952	1,573,998
Derivative assets		-	753
Retirement benefit asset		1,471	1,518
Total non-current assets		1,767,500	1,891,114
Total assets		1,997,976	2,162,922
Current liabilities			
Trade and other payables		135,667	119,729
Derivative liabilities		778	483
Interest bearing liabilities		27,504	25,765
Current tax liabilities		5,925	5,574
Provisions		16,436	10,432
Total current liabilities		186,310	161,983
Non-current liabilities			
Payables		4,043	2,596
Interest bearing liabilities		633,526	694,328
Derivative liabilities		3,839	2,460
Deferred tax liabilities		47,638	106,455
Provisions		9,819	6,895
Total non-current liabilities		698,865	812,734
Total liabilities		885,175	974,717
Net assets		1,112,801	1,188,205
Equity			
Contributed equity	11	1,074,115	1,045,999
Reserves		(77,441)	(75,796)
Accumulated losses	5	(117,700)	(8,170)
Total parent entity interest		878,974	962,033
Non-controlling interest		233,827	226,172
Total equity		1,112,801	1,188,205

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Note	Attributable to owners of parent entity			Non-controlling interest	Total equity
		Contributed equity	Reserves	Accumulated losses		
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010		1,024,815	(43,550)	(48,172)	223,443	1,156,536
Total comprehensive income		-	(32,246)	93,756	14,394	75,904
Transactions with equity holders						
Contributions of equity	11	21,184	-	-	-	21,184
Dividends paid	7	-	-	(53,754)	-	(53,754)
Equity transactions with non-controlling interests		-	-	-	(11,665)	(11,665)
Balance at 31 December 2010		1,045,999	(75,796)	(8,170)	226,172	1,188,205
Balance at 1 January 2011		1,045,999	(75,796)	(8,170)	226,172	1,188,205
Total comprehensive income		-	1,150	(45,070)	25,846	(18,074)
Transfer between reserves		-	384	(384)	-	-
Transactions with equity holders						
Contributions of equity	11	28,116	-	-	-	28,116
Dividends paid	7	-	-	(64,076)	-	(64,076)
Equity transactions with non-controlling interests		-	(3,179)	-	(18,191)	(21,370)
Balance at 31 December 2011		1,074,115	(77,441)	(117,700)	233,827	1,112,801

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers		1,212,500	1,209,024
Payments to suppliers and employees		(1,015,818)	(982,099)
Dividends received		474	685
Interest received		1,270	655
Interest paid		(52,729)	(47,132)
Income taxes (paid)/refunded		(22,634)	(15,888)
Net cash inflows from operating activities	14	123,063	165,245
Cash flows from investing activities			
Payments for property, plant and equipment		(31,743)	(21,277)
Payments for goodwill		(920)	(159)
Payments for software		(2,152)	(3,082)
Payments for other intangible assets		(3,492)	(33,697)
Acquisition of controlled entities		(9,061)	-
Proceeds from sale of property, plant and equipment		3,705	8,442
Net payments for purchase / proceeds from sale of investments		(815)	-
Proceeds from sale of associate		689	-
Loans repaid by other entities		2,775	-
Dividends received from associates		2,500	3,848
Other		-	281
Net cash outflows from investing activities		(38,514)	(45,644)
Cash flows from financing activities			
Loans repaid by/(advanced to):			
Director related entities		(324)	(164)
Associates		(5)	1,575
Other entities		-	48
Proceeds from borrowings		261,194	228,797
Repayments of borrowings		(323,156)	(262,620)
Payments for borrowing costs		(582)	(8,170)
Principal repayment under finance leases		(2,408)	(2,225)
Dividends paid to shareholders		(35,959)	(32,570)
Net payments to non-controlling interest		(23,075)	(11,666)
Net cash outflows from financing activities		(124,315)	(86,995)
Change in cash and cash equivalents		(39,766)	32,606
Cash and cash equivalents at beginning of the year		63,539	32,727
Effect of exchange rate changes		112	(1,794)
Cash and cash equivalents at end of the year	14	23,885	63,539

1. Accounting policies

The accounting policies adopted herein are consistent with those detailed in the 2010 Annual Report.

2. Revenue

	2011 \$'000	2010 \$'000
Advertising revenue	1,065,652	1,053,598
Revenue from sale of goods	6,742	5,487
Revenue from continuing operations	1,072,394	1,059,085
Dividends received	474	685
Rent received	1,401	890
Foreign exchange gains	3,925	896
Gain on insurance claims	4,377	-
Gain on disposal of properties and businesses	788	1,051
Fair value adjustment on acquisition of associate	8,307	-
Gains on equity instruments	3,652	-
Bad debts or expenses recovered	249	240
Net (loss) / gain on disposal of plant and equipment	95	56
Other	-	258
	23,268	4,076
Interest received – associates	-	48
Interest received – other entities	1,270	607
Finance income	1,270	655
Revenue and other income	1,096,932	1,063,816

3. Expenses

	2011 \$'000	2010 \$'000
Expenses before finance costs		
Employee benefits expense	358,064	327,418
Selling and production expense	284,887	288,521
Rental and occupancy expense	170,562	162,180
Depreciation and amortisation expense	37,541	38,900
Redundancies and associated costs	17,332	3,301
Asset write downs and business closures	18,298	-
Other	57,968	46,394
Total expenses before finance costs	944,652	866,714

4. Segment information

Description of segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and the senior management team in assessing performance and determining the allocation of resources. There are 6 reportable segments as follows:

Australian Regional Media	Newspaper and online publishing
New Zealand Media	Newspaper, magazine and online publishing
Australian Radio	Metropolitan radio networks
New Zealand Radio	Radio networks throughout New Zealand
Outdoor	Roadside billboard, transit and other advertising
Digital Ventures	Digital businesses

Results by operating segment

The Directors and senior management team assess the performance of the operating segments based on a measure of EBIT which excludes the effects of one-off items such as restructuring costs and impairment of intangible assets.

The segment information provided to the Directors and senior management team for the period ended 31 December 2011 is as follows:

2011	Australian Regional Media \$'000	NZ Media \$'000	Australian Radio \$'000	NZ Radio \$'000	Outdoor \$'000	Digital Ventures \$'000	Unallocated \$'000	TOTAL \$'000	
Revenue from external customers	272,807	303,320	133,212	86,712	263,740	12,603	-	1,072,394	
Segment result	43,642	51,765	44,906	12,503	38,006	(4,925)	(14,499)	171,398	
Reconciliation of segment results to operating profit before income tax									
Segment result									171,398
Net finance costs									(55,944)
Gain on disposal of properties and businesses									788
Gain on insurance claims									4,377
Fair value adjustment on acquisition of associate									8,307
Gains on equity instruments									3,652
Foreign exchange gains									3,925
Redundancies and associated costs									(17,332)
Asset write downs and business closure									(18,298)
Impairment of intangible assets (refer note 8)									(159,495)
Profit / (Loss) before tax from continuing operations									(58,622)

The fair value adjustment on acquisition of associate is the uplift in fair value that arose from the acquisition in February 2011 of the further 25% of IdeaHQ.

Redundancies and associated costs relate to the restructuring program put in place during the year with approximately 300 employees being made redundant in our publishing divisions, delivering over \$25m in annualised costs savings

Assets write downs relate mainly to the closure of certain loss making magazines in our Australian Regional Media division, the closure of the Bundaberg and Mackay printing facilities and the move to a digital first approach in the Tweed and Coffs Coast markets.

4. Segment information (continued)

2010	Australian Regional Media \$'000	NZ Media \$'000	Australia Radio \$'000	NZ Radio \$'000	Outdoor \$'000	Digital Ventures \$'000	Unallocated \$'000	TOTAL \$'000
Revenue from external customers	288,036	320,077	127,307	85,682	237,983	-	-	1,059,085
Segment result	60,005	71,304	42,942	12,847	28,901	-	(10,555)	205,444

Reconciliation of segment results to operating profit before income tax

Segment result	205,444
Net finance costs	(49,802)
Gain on disposal of properties	1,051
Redundancies and associated costs	(3,301)
New Zealand music royalties	(1,847)
Corporate, legal and other costs	(3,174)
Multimedia restructure	(1,724)
Reversal of impairment of investment in associate	3,000
Profit before tax from continuing operations	149,647

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

Multimedia restructure costs include costs of developing new product offerings as well as the cost of now discontinued strategies.

New Zealand music royalties above represent backdated payments since 2007 following the conclusion of the music royalty rate litigation between the NZ radio industry and the governing body.

Corporate Legal and Other - This relates to adjustments relating to prior years for one of APN's associates as well as certain contractual break costs and asset disposals.

5. Accumulated losses

	2011 \$'000	2010 \$'000
Accumulated losses at beginning of the year	(8,170)	(48,172)
Net profit / (loss) attributable to owners	(45,070)	93,756
Dividends paid (refer note 7)	(64,076)	(53,754)
Transfer between reserves	(384)	-
Accumulated losses at end of the year	(117,700)	(8,170)

6. Income tax

	2011 \$'000	2010 \$'000
Current tax expense	17,203	19,043
Deferred tax (credit)/expense	(57,396)	9,089
Overprovision in prior years	507	(155)
Income tax expense / (credit)	(39,686)	27,977
Income tax is attributable to:		
Profit from continuing operations	(39,686)	30,061
Loss from discontinued operations	-	(2,084)
Aggregate income tax expense / (credit)	(39,686)	27,977
Income tax expense differs from the amount prima facie payable as follows:		
Profit from continuing operations before income tax expense	(58,622)	149,647
Loss from discontinued operations before income tax expense	-	(6,946)
	(58,622)	142,701
Prima facie income tax at 30%	(17,587)	42,810
Tax effect of differences:		
Differences in international tax treatments and rates	(21,528)	(16,502)
Impairment and reversals of impairment	643	(900)
Asset write downs and business closures	2,304	-
Fair value adjustment on acquisition of associates	(2,476)	-
Foreign exchange gains	(1,538)	-
Other	(11)	271
Prima facie tax adjusted for differences	(40,193)	25,679
Overprovision in prior years	507	(155)
Impact of change in New Zealand tax rate	-	2,453
Income tax expense / (credit)	(39,686)	27,977

The company is involved in a dispute with the New Zealand Inland Revenue Department regarding certain financing arrangements. The dispute involves tax of NZD\$41m for the period up to 31 December 2011. No new assessments have been issued at this time and the Company is satisfied that its treatment satisfies all relevant legislation and that no tax will become payable. The company has tax losses available to offset the amount payable to the extent of NZD\$25m. The IRD are seeking to impose penalties of between 10% and 50% of the tax in dispute in addition to the tax claimed.

7. Dividends paid

	2011 \$'000	2010 \$'000
Final dividend for the year ended 31 December 2010 of 7.0 cents per share of which 2.0 cents was franked, paid on 31 March 2011 (2009: 4.0 cents per share franked paid on 30 March 2010)	42,426	23,812
Franked interim dividend for the year ended 31 December 2011 of 3.5 cents per share paid on 28 September 2011 (2010: unfranked interim dividend of 5.0 cents per share paid on 28 September 2010)	21,650	29,942
Total dividends	64,076	53,754

8. Intangible assets

	2011 \$'000	2010 \$'000
Goodwill	223,885	196,252
Software – net of accumulated amortisation	6,557	4,828
Mastheads – at cost less provision for impairment	786,844	938,205
Radio Licences – net of accumulated amortisation	336,481	337,977
Transit and outdoor advertising systems – at cost	54,713	54,713
Brands – at cost	44,335	40,748
Lease intangibles – net of accumulated amortisation	4,137	1,275
	1,456,952	1,573,998

At the half year, it was determined that there were indicators of impairment of our New Zealand publishing assets, arising from the natural disasters and subdued economic environment affecting the areas in which they operate. Therefore, in accordance with AASB 136 we performed an impairment review of the respective cash generating units.

As a result of the review, the carrying amount of goodwill and mastheads allocated to the New Zealand Metro and New Zealand Regionals CGU's were reduced to their recoverable amounts through the recognition of an impairment loss. This impairment was a result of a number of factors, including the impact of the Christchurch earthquakes on the New Zealand economy, the slower than expected recovery of the advertising markets and the ongoing impacts of the global financial crisis. The impairment charge against the New Zealand Metro CGU was \$143.5m and against the New Zealand Regionals CGU was \$16.0m.

Year-end Impairment Review

A comprehensive impairment review was conducted at December 2011. The recoverable amount of each CGU which includes goodwill or indefinite life intangible assets has been reviewed. The recoverable amount of each CGU is determined based on value in use calculations using management budgets and forecasts for a five year period after adjusting for central overheads. Cash flows beyond five years are extrapolated at growth rates not exceeding the long term average growth rate for the business in which the CGU operates.

The key assumptions used in the value in use calculations are:

- Long term growth rates ranging from 2.5% to 4%
- Post tax discount rates ranging from 9.5% to 10% (2010: 10.0% to 10.2%). The current year discount rate equates to pre-tax rates in the range of 12% to 14% per annum.

Value in use calculations are highly sensitive to changes in certain key assumptions. All CGU's except for the New Zealand Media division CGUs have sufficient headroom such that reasonable changes to key assumptions would not give rise to an impairment. For the New Zealand Media CGU's a 0.5% increase in the discount rate used would result in an increase in the impairment provision recognised by \$52 million. A 0.5% decrease in long-term growth rates would increase the impairment provision recognised by \$45 million. If forecasted cash flows were to decrease by 10% in each of the NZ Media CGU's, an increase in the impairment provision of \$77m would be required.

The Directors remain satisfied with the carrying value of the Group's intangible assets and have determined that no adjustment to the impairment provisions recognised previously is required.

9. Asset backing

	2011	2010
	\$	\$
Net tangible asset backing per ordinary share	(0.57)	(0.65)
Net asset backing per ordinary share	1.39	1.59

10. Investments accounted for using the equity method

Name of associate	Ownership interest		Carrying value	
	2011	2010	2011	2010
Adshel Street Furniture Pty Limited	50%	50%	37,331	33,689
Eventfinder Limited ¹	-	29%	-	467
Idea HQ Limited ²	75%	50%	-	966
Soprano Design Pty Limited	25%	25%	6,000	6,000

1: Eventfinder Limited was sold in November 2011

2: Additional 25% interest acquired in February 2011 and consolidated from that date – Refer note 15 for further details

11. Contributed equity

	2011	2010
	\$'000	\$'000
Issued and paid up share capital	1,074,115	1,045,999

(a) Movements in contributed equity during the financial year

	2011	2010	2011	2010
	number	number	\$'000	\$'000
Balance at start of the year	606,084,027	595,311,925	1,045,999	1,024,815
Dividend reinvestment plan	24,127,396	10,772,102	28,116	21,184
Balance at end of the year	630,211,423	606,084,027	1,074,115	1,045,999

12. Weighted average shares

	2011	2010
	number	number
Weighted average number of ordinary shares outstanding during the period used in the calculation of:		
Basic / Diluted earnings per share	618,522,559	599,824,903

13. Dividend reinvestment plan

Shareholders may participate in the Company's DRP for the final dividend for the year ended 31 December 2011. In accordance with the DRP Terms and Conditions, the DRP Price will be 97.5% of the weighted average sale price for APN shares sold on the ASX during the period from 9 March 2012 to 15 March 2012 inclusive. The last date for the receipt of an election notice for participation in the DRP for the final dividend is 8 March 2012.

14. Cash flow information

	2011	2010
	\$'000	\$'000
Reconciliation of cash		
Cash and cash equivalents	23,885	63,539
Reconciliation of net cash inflows from operating activities to profit for the year:		
Profit / (Loss) Profit for the year	(18,936)	114,724
Depreciation and amortisation expense	40,567	40,505
Net gain on sale of non-current assets	(900)	(2,482)
Share of profits of associates	(5,807)	(3,002)
AASB 9 fair value adjustment	(2,400)	-
Impairment of intangible assets	159,495	-
Change in current/deferred tax payable	(62,320)	12,089
Fair value adjustment on acquisition of associate	(8,307)	-
Foreign exchange gains	(3,925)	-
Fair value gains on equity instruments	(3,657)	-
Asset write off and business closure	16,594	-
Reversal of impairment of associate	-	(3,000)
Amounts credited to provision against assets	(2,450)	-
Other non-cash items	1,306	1,266
Changes in assets and liabilities net of effect of acquisitions:		
Trade and other receivables	9,449	(3,085)
Inventories	3,408	1,003
Prepayments	(1,727)	(3,667)
Trade and other payables and employee benefits	2,673	10,894
Net cash inflows from operating activities	123,063	165,245

15. Acquisitions and disposals of material controlled entities

Acquisitions

Name of entity	Date acquired	Ownership interest
IdeaHQ	25 February 2011	75%
CC Media	31 August 2011	79%

Disposals

Name of entity	Date disposed
Nil	

16. Business combinations

On 25 February 2011 the group acquired a further 25% of IdeaHQ Limited, a group of online businesses based in New Zealand, including the group buying business GrabOne. The acquisition increased the group's shareholding to 75% and IdeaHQ has been consolidated from that date.

On 31 August 2011 the group acquired 79% of Catalogue Central Media Pty Limited (CC Media), an online catalogue distribution business based in Australia.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	CC Media \$'000	IdeaHQ \$'000
Purchase consideration		
Cash paid	7,895	1,932
Contingent consideration	4,679	2,318
Fair value of previously held interest	-	9,660
Total purchase consideration	12,574	13,910
Assets		
Cash and cash equivalents	679	441
Receivables	846	659
Investments	-	468
Property, plant and equipment	32	305
Intangible assets	41	4,820
Deferred tax assets	269	-
Tax receivable	213	-
Other	87	-
Total assets	2,167	6,693
Liabilities		
Payables	794	3,530
Deferred tax liabilities	-	945
Total liabilities	794	4,475
Value of net identifiable net assets	1,373	2,218
Less: Non controlling interests	(364)	(4,637)
Add: Goodwill	11,565	16,329
Net assets acquired	12,574	13,910

The goodwill relating to both businesses is attributable to the fast rate of forecast growth in sales and resulting profitability.

i) Contingent consideration

IdeaHQ - In the event that certain pre-determined gross margin thresholds are achieved by IdeaHQ, contingent consideration up to a maximum of NZ\$3,000,000 may be payable in cash. \$900,000 has been paid during 2011.

CC Media - In the event that certain pre-determined gross margin thresholds are achieved by CC Media, contingent consideration up to a maximum of NZ\$4,679,000 may be payable in cash.

ii) Non controlling interests

The non controlling interest in CC Media has been recognised using the proportionate share method. The non controlling interest in IdeaHQ has been recognised at fair value.

iii) Revenue and profit contribution

IdeaHQ - The acquired business contributed revenues of \$10,125,000 and a net loss after tax of \$1,154,000 to the group for the period from 25 February 2011 to 31 December 2011.

CC Media - The acquired business contributed revenues of \$1,968,000 and a profit after tax of \$396,000 to the group for the period 31 August 2011 to 31 December 2011.

Compliance statement

1 This report is based on accounts to which one of the following applies.

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

2 The entity has a formally constituted audit committee.



Brett Chenoweth
Chief Executive Officer
23 February 2012



MARKET ANNOUNCEMENT

Second half recovery

- Net Profit after Tax before exceptionals of \$78m
- Reported Net Loss after Tax of \$45m following H1 impairment charge
- Outdoor delivers strong growth – EBIT up 31%
- Radio grows market share in Australia and New Zealand
- Publishing costs reduced by \$25m annualised
- Final dividend of 5 cents per share, of which 1.5 cents is franked
- Major Outdoor initiative announced

SYDNEY, February 23, 2012 – APN News & Media [ASX,NZX:APN] today released its result for the 12 months ended 31 December 2011. Revenue was up 1% to \$1,072m, Earnings Before Interest and Tax (EBIT) was down 17% to \$171m and Net Profit After Tax (NPAT) before exceptional items was down 24% to \$78m, in line with guidance.

Taking into account the non-cash impairment charge of \$159m announced in August 2011, costs associated with restructuring and other charges, the Company reported a Net Loss After Tax of \$45m.

2011 Full Year Result

(AUD millions)	2011	2010	Change
Revenue	1072.4	1059.1	1%
EBITDA*	208.9	244.3	(14%)
EBIT*	171.4	205.4	(17%)
Net Profit After Tax*	78.2	103.1	(24%)
Reported Net (Loss)/Profit after Tax	(45.1)	93.8	
Earnings per share (cents)	(7.3)	15.6	

* before exceptional items based on segment reporting

APN Chief Executive Officer Brett Chenoweth said: “Over the past year, I made a number of commitments to the market about the performance of the business and our immediate goals. I am pleased to report that we have delivered on those commitments.

“We met our guidance for net profit before exceptional items and for EBIT.

“In challenging market conditions, including the impact of natural disasters, we grew revenue by 3% in local currency terms. This emphasises the resilience of our assets and the product innovations that we have introduced. Trading in the second half showed a marked improvement on the first six months, notwithstanding a weak NZD/AUD exchange rate.

“We promised a cost reduction program in publishing to deliver annualised savings of \$15m and we have achieved savings of more than \$25m on an annualised basis. And there will be more to come. More broadly, major advances have been made in operational efficiencies and cost management across the entire group. These will be fundamental to APN’s ongoing success.

“We committed to rejuvenate our publishing business model. The New Zealand Herald titles have delivered market leading circulation and readership growth. We have appointed new management teams, removed costs through centralisation of services and have adopted an integrated multimedia approach. Importantly, APN’s publishing assets remain highly cash generative.

“We announced plans to rationalise our printing operations and have gone from eleven plants to eight.

“We undertook a strategic review of our outdoor division and today we announce a joint venture with Quadrant Private Equity to capitalise on the strong growth prospects in this sector (see separate release). APN Outdoor produced an enviable result. The business continues to outperform the market across all of the major outdoor categories. Local currency revenue grew 13%, and local currency EBIT was up 33%.

“We set a goal to improve our radio ratings and market share. We finished 2011 with our best 25-54 audience ratings in three years in Australia and the top-rating network in New Zealand, growing advertising market share in both countries.

“Finally, we committed to invest in new digital revenue streams. We have strengthened our portfolio, and our interests in GrabOne, CC Media and others are performing strongly, with excellent growth prospects.

“The 2011 financial year was one of the most challenging this Company has faced. However, through our targeted program of cost management, product development and changing how we conduct our businesses, we are now in a stronger position to take the next steps in the Company’s development.”

Segment Results – FY11 (AUD millions)	Revenue			EBIT		
	2011	Change on pcp		2011	Change on pcp	
		Local Currency	Reported		Local Currency	Reported
Australian Regional Media	272.8	(5%)	(5%)	43.6	(27%)	(27%)
New Zealand Media	303.3	(3%)	(5%)	51.8	(25%)	(27%)
Australian Radio	133.2	5%	5%	44.9	5%	5%
New Zealand Radio	86.7	4%	1%	12.5	0%	(3%)
Outdoor	263.7	13%	10%	38.0	33%	31%
Digital Ventures*	12.6			(4.9)		
Corporate				(14.5)		
Total	1072.4	3%	1%	171.4	(16%)	(17%)

* Includes businesses acquired during the year

Australian Regional Media

APN appointed Warren Bright as CEO of Australian Regional Media and strengthened the management team of the division.

The division's greatest exposure is to the Queensland market, which was severely affected by widespread flooding and cyclone Yasi, as well as a significant downturn in the tourism industry. Growth in the resources sector produced good outcomes in service centres such as Mackay and Gladstone. However, other regions felt the same effects of low consumer confidence and restrained levels of commerce that were experienced elsewhere in Australia. This had a significant net impact on the division's overall result.

Sustainable cost reduction was achieved across the division following a detailed review of all business operations, with a particular focus on improving productivity and efficiency in the commercial and editorial operations. Costs in 2011 were flat and comparable costs are expected to fall 3% in 2012.

The rollout of a centralised advertising services bureau in Brisbane has been completed. The vast majority of creative work and prepress for each of the regional operations is now undertaken at this specially designed facility. Overall production headcount is down 24%, with annual savings of \$1.5m. Productivity per team member improved by more than 30%.

Also, the editorial production of each of the daily and non-daily newspapers has been centralised at the Centro Sub-Editing facility on the Sunshine Coast.

In two centres, Tweed Heads and Coffs Harbour, APN has adopted a digital first strategy, with the emphasis on reporting breaking news online and on mobile sites, supported by print publications twice a week. Since the conversion at the start of 2012, cost savings have exceeded revenue foregone by nearly 30%.

With a strengthened organisational structure, focus will continue on cost management, product development and improved productivity.

New Zealand Media

APN News & Media's portfolio of publishing brands in New Zealand leads the market in online, newspapers and magazines.

The division has a weekly brand audience of 2.6m people, with the country's best selling daily newspaper (The New Zealand Herald), award winning news site (nzherald.co.nz), highly read national magazines (The New Zealand Woman's Weekly, The Listener) and popular regional titles.

The New Zealand Herald strengthened its market position, building circulation, readership and online penetration. In the 12 months to December 2011, circulation was up for both The New Zealand Herald and The Herald on Sunday. The Herald portfolio has achieved the strongest circulation performance of any daily newspaper in Australia or New Zealand. This very positive result was driven by 3.4% growth in The New Zealand Herald subscriber base to almost 60% of baseline sales. The Herald on Sunday remains the most read Sunday newspaper in its target market.

The digital audience continues to grow. The Herald's apps for tablets and smart phones attracted 179,171 visitors in December 2011 and more than 7m page views. The nzherald.co.nz

website reached 62% of the total online audience in New Zealand during 2011, with high levels of engagement.

Further efficiency gains were achieved with the completion of the centralised booking and production of advertising in Auckland. Staffing in media services has reduced by 35% in the past three years.

New Zealand Media will continue to develop its multimedia products, leveraging the strength of The New Zealand Herald brand across the portfolio. An ongoing review will focus on extending cost disciplines.

Radio

The Australian Radio Network (ARN) and The Radio Network (TRN) in New Zealand produced strong results and built advertising market share on the back of excellent audience ratings.

The radio industry performed well in Australia and New Zealand in 2011. APN outperformed in both markets through improved programming that is now attracting proven on-air talent.

In Australia, ARN's markets grew 0.9% over the prior year. At the same time, ARN increased revenue and EBIT by 5%, gaining market share in both direct and agency advertising. This growth was particularly strong in the last quarter and has continued into 2012.

The strong support from advertisers followed good gains in audience ratings for the two core brands: Mix and Classic Hits. ARN's goal is to be the number one network among 25-54 year olds in all of its markets. The network ended the year with its highest share of the 25-54 audience since 2008, up 4.6% to a 18.1% share.

The growing penetration of digital radio across Australia also offered new commercial opportunities. ARN's smart phone apps were downloaded 690,000 times, increasing the networks' broadcasting reach through this new channel. The network also launched its first in-store digital radio station in partnership with a major client. ARN continues to explore new product innovation opportunities.

In 2012, the network will focus on increasing market share, as well as improving yield and expanding margins.

In New Zealand, the radio market as a whole returned solid growth in challenging economic conditions, and TRN revenues outgrew the market. The business achieved 4% revenue growth in local currency terms.

Again, a strong performance in agency advertising was achieved on the back of consistently good audience ratings results. TRN's market-leading NewstalkZB network maintained its number one 10+ national audience position. For the first time, NewstalkZB was number one in each of the country's three major cities at the same time: Auckland, Wellington and Christchurch. In the commercial capital of Auckland, TRN broadcasts four of the top five stations.

TRN networks maintained their leadership in the 10+ audience, with three of the top five networks. It also achieved two of the top three 25-54 networks.

During the year, NewstalkZB moved from the AM band to FM in six major markets, including Auckland, Wellington, Christchurch and Hawkes Bay. The transition was immediately successful, growing the audience and strengthening its reach to a younger demographic.

TRN made significant investments in digital platforms and capabilities. The network relaunched its eight websites, with improved interactivity and greater social media connections. The number of unique browsers increased 25% and online revenue grew 38%. TRN also released smart phone apps for its leading brands: NewstalkZB, Classic Hits, ZM and Hauraki. The rapid adoption of this new channel to market lays the foundation for good future digital growth.

TRN's immediate imperative is to build on its current momentum with improved ratings and market share, as well as grow digital revenues.

Outdoor

In Australia, APN Outdoor grew market share across all major formats, building on its position as market leader in billboards, posters, street furniture and transit.

Since 2002, the Australian out-of-home industry as a whole has grown 91%. APN has been a driving force behind that growth, taking part in industry consolidation as well as being a key supporter of the development of the MOVE audience measurement system.

The division renewed key contracts, including Brisbane transit and the Perth airport external contract, as well as winning the tender for the airport's internal signage. In Melbourne, Adshel secured the Yarra Trams street furniture contract and is now the leading street furniture supplier in Australia and New Zealand.

Advances in digital technology continue to be introduced. Brisbane's first digital billboard is due to be installed in the first quarter of 2012, with significant interest being generated among clients. Also, APN Outdoor rolled out sponsored Wi-Fi on Melbourne trams as part of clients' promotional campaigns targeting commuters, as well as the launch of virtual supermarkets in Sydney and Melbourne train stations.

Adshel expanded its interactive Create initiative, where consumers use their mobile devices to access additional information about an advertiser's product through digitally-enabled street furniture panels.

In New Zealand, the division returned solid results, with the Rugby World Cup providing good promotional opportunities for clients.

Following the 2011 acquisition of the OGGI outdoor business, APN is the leading billboard operator in New Zealand, growing market share across the year. More than 100 new sites were successfully integrated into the division's inventory, predominantly in the commercial capital of Auckland.

In Hong Kong, APN is the leading billboard provider in the market and the sole contractor for buses on Hong Kong Island. A strong outcome from the banking, finance and telco sectors helped deliver good advertising growth, up 21% in local currency terms, with solid forward bookings into 2012. The web-bus initiative has been a stand out in that market. The Indonesian market also produced good revenue growth, up 12% in local currency.

Digital

APN has invested to increase greatly its digital capabilities. The Company built significant digital revenue and earnings momentum during FY11.

APN's new digital team is implementing a digital strategy with a dual approach to:

- Expand digital capabilities in existing assets, particularly mobile, video, social, ad product and data analytics
- Continue to build a portfolio of high growth new digital ventures, including GrabOne and CC Media

In 2011, APN increased its investment in GrabOne and took controlling equity positions in Catalogue Central Media and Jimungo. The Company exited Eventfinder (New Zealand) and Finda (Australia) as they were inconsistent with ongoing strategy; however, APN continues to use the digital platform developed for Finda to underpin its regional websites, including GrabOne.

APN joined digital incubator Pollenizer to explore new opportunities alongside APN assets, including a seed investment in the social media recommendations venture Friendorse.

GrabOne remains New Zealand's leading online daily deal site with approximately 70% market share. In 2011, GrabOne sold more than 2.1m coupons valued at \$51m. It expanded rapidly from a deal per day in Auckland, to more than 100 deals per day in three countries and 23 regions. GrabOne created seven verticals, (e.g. escapes, home and gardens), and launched GrabOne Instant. APN plans to build on GrabOne's strong foundations by growing into additional small-to-medium business digital marketing services and additional geographies in Australia.

CC Media is Australia's leading online retail performance network. Its INC digital distribution network reaches around 6m unique viewers per month and for the 2011 Christmas period CC Media delivered more than 2.2m digital catalogue engagements for retailers.

Digital achievements across APN's divisions reflect the new momentum created by the digital team and reaffirm our strategy of applying group leadership to emerging areas of expertise. Examples include the launch of 27 regional mobile sites and rapid growth in video audience (up 66%) and video advertising (up 100%) on The New Zealand Herald's sites.

This is also contributing to a substantial increase in digital revenue and earnings momentum. For example, our GrabOne business more than doubled its revenues between H1 and H2. Both GrabOne New Zealand and CC Media are now profitable.

Cash Flow

Cash flow conversion was again very strong, demonstrating the high cash generative nature of our portfolio. The ratio of EBITDA to operating cash flow exceeded 100%.

Dividend

The Board has declared a final dividend of 5 cents per share, of which 1.5 cents is franked, payable on 30 March 2012 (record date of 8 March 2012). The Dividend Reinvestment Plan remains in place with a 2.5% discount.

Market Update

The advertising market in Australia and New Zealand remains mixed.

Across our publishing divisions we are seeing the benefit of the \$25m of annualised cost savings implemented in 2011.

We continue to enjoy resilient performances from our Australian outdoor and radio businesses. However, New Zealand remains behind prior year comparisons that preceded the impact of the Christchurch earthquake.

We will provide a further update to trading at the Annual General Meeting in May.

-- ENDS --

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