



BMA Hopkins
Chief Executive

21 September 2010

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2009

Dear Sir/Madam

**APN News & Media Limited (APN)
2010 Interim Report**

Please find attached an Interim Report to the shareholders of APN News & Media.

In accordance with our continuous disclosure obligations, please note that the report contains an update on trading in the third quarter which has been in line with the Company's expectations. The Company expects to give a further trading update to the market at its annual investor conference to be held on Wednesday 24 November in Melbourne and Friday 26 November in Sydney.

Yours faithfully

A handwritten signature in black ink, appearing to read 'B Hopkins', with a horizontal line underneath.

Brendan M A Hopkins
Chief Executive



INTERIM REPORT 2010



Delivering a portfolio of world-leading
multimedia brands to national and
local markets.

APN H1 PROFIT UP 11% TO \$40 MILLION Q3 IN LINE WITH EXPECTATIONS

DEAR SHAREHOLDER,

The Directors of your Company are pleased to report on the result for the half-year ended June 30, 2010.

After enduring the challenges posed by the Global Financial Crisis, we are encouraged by the first half outcome and the momentum it has provided for trading for the remainder of the year.

APN News & Media Limited (APN) recorded

revenue of \$508.3m for the first half, Earnings Before Interest and Tax (EBIT) of \$87.1m and Net Profit After Tax (before exceptional items and discontinued operations) of \$40.0m, up 11%.

Revenue was in line with the prior period and EBIT was up 10%. The Directors declared an unfranked interim dividend of 5 cents per share, payable on 28 September 2010.

2010 INTERIM RESULT

Unless otherwise stated, all figures are pre exceptionals and discontinued operations

| AUD MILLIONS | 2010 | 2009 | Change |
|--|-----------|-----------|--------|
| Underlying revenue* | 508.3 | 507.0 | - |
| EBITDA | 108.6 | 100.9 | +8% |
| EBIT | 87.1 | 79.1 | +10% |
| Net Profit After Tax | 40.0 | 36.0 | +11% |
| Earnings per share | 6.7 cents | 6.9 cents | |
| Net Profit after exceptional items & discontinued operations | 39.0 | 37.2 | +5% |

*Excludes finance income

The advertising recovery is now well underway. The second quarter saw strong growth, with total revenue up 3% and EBIT up 12%. As expected, strong growth has continued into the third quarter with revenue up 5% and EBIT up 15%.

It is important to note that the Kurnia Outdoor business was sold in 2009, and bus advertising contracts in New Zealand and Hong Kong were cancelled after being taken in-house by the respective transit operators. These changes negatively impact the comparisons with the prior period.

The fourth quarter is traditionally our best trading period and forward bookings remain strong, although year-on-year growth may moderate as we did see some improvement in the fourth quarter of 2009. We remain confident, as outlined at the Interim Results

announcement, that the second half will see a return to more traditional trading patterns and therefore a seasonally higher second half result.

I am pleased to report that trading since June has seen ongoing strong growth in our Australian markets, and in New Zealand the recovery has now extended to radio and outdoor, which had not seen any growth in the first half.

We have now established a group-wide multimedia content, product and strategy resource that focuses on each of our markets and will be the engine for future growth of our overall business. We continue to position ourselves as the leading multimedia operator in each of our local markets and are making good progress in convincing more and more advertisers that APN's existing and future range of media products provides them with a unique way of communicating with their markets.

| DIVISIONAL RESULTS – H1 AUD MILLIONS | REVENUE | | | EBIT | | |
|---|--------------|---------------|-----------|-------------|---------------|------------|
| | 2010 | Change on pcp | | 2010 | Change on pcp | |
| | | LC* | Reported | | LC* | Reported |
| Australian Regional Media | 140.5 | 7% | 7% | 28.9 | 12% | 12% |
| New Zealand Media | 156.4 | 0% | (1%) | 34.0 | 15% | 13% |
| Australian Radio | 61.0 | 2% | 2% | 21.3 | (4%) | (4%) |
| New Zealand Radio | 40.2 | (2%) | (3%) | 4.5 | (20%) | (21%) |
| Outdoor | 109.4 | 0% | (5%) | 6.9 | 101% | 88% |
| Corporate | 0.8 | | | (8.5) | | |
| TOTAL | 508.3 | 2% | 0% | 87.1 | 11% | 10% |

* Local Currency

AUSTRALIAN REGIONAL MEDIA

Australian Regional Media operates newspapers, online, community titles, magazines, custom publishing and events across some of Australia's strongest economic regions.

After experiencing a significant fall in consumer confidence due to the Global Financial Crisis in 2009, the regional markets are recovering. Revenue was up 7% on the first half of 2009 and EBIT grew by 12%.

Advertising revenues recovered particularly well in May and June, up 13% and 14% respectively over the prior corresponding period. National advertising was strong and recorded double digit revenue growth.

Employment rebounded well, producing good revenue gains. The renewed growth in employment advertising in APN's markets again underlines the essentially cyclical nature of this advertising category. Real estate volumes also experienced double digit growth as confidence returned to the property market in Queensland. Both outcomes underline that APN's broad suite of multimedia products are ideal platforms for local advertisers.

The online Regional News Network substantially increased traffic to its sites during the half, with more than double the number of unique browsers accessing the network than for the same period in 2009. The popularity of the sites has led to an increase in cross platform advertising sales opportunities as clients benefit from the expanded audience base.

The benefits to APN clients were expanded further during the period with an agreement to combine the Fairfax Media brands Drive.com.au, Domain.com.au and MyCareer.com.au with APN's more than 90 publications and regional online

sites. We are encouraged by the early results from this new offer to the market.

NEW ZEALAND MEDIA

APN is the largest media company in New Zealand, encompassing metro publishing, online, regional publishing, magazines, custom publishing and events. APN products lead the Auckland market, with more than 7 out of 10 Aucklanders aged 15+ reading at least one APN publishing or online product each week.

After a slow start to the year, trading in New Zealand improved across the half, with a particularly good outcome in the second quarter on the back of improved momentum from National and Retail advertising. EBIT for the New Zealand business increased 15% in local currency terms to \$34m during the period.

Close relationships with key clients led to a significant increase in multimedia advertising deals across the business, utilising APN's combination of media assets to provide advertisers with a unique opportunity to reach the New Zealand market on a daily basis.

The New Zealand Herald continues to develop as an overarching communications brand through product extensions now being offered online, through smart phones and new tablet-style devices such as the Apple iPad. The average weekly audience for the nzherald.co.nz website was 28% higher than for the first half of 2009, and the site continues to improve clients' advertising reach and effectiveness. The Herald's iPad app was the first news application on the New Zealand market, and achieved 10,000 downloads in the early weeks of launch, and has now achieved in excess of 14,000 downloads in the first two months. By establishing itself as the news leader across a range of communications channels, the New Zealand

Herald has underlined its strong brand leadership position in the marketplace.

The New Zealand Herald and the Herald on Sunday both achieved milestone readership results in the 12 months to June 2010. Readership for the daily newspaper reached 602,000 people aged over 15, its best result in seven years and an increase of 5% over the prior 12 months. Combined with the Herald's online readers, its daily brand audience grew 12% year-on-year to 753,000 a day. Circulation trends remain strong, with full paid sales increasing year-on-year, driven by a number of successful subscription initiatives.

The Herald on Sunday recorded its highest readership result, up 7% to 396,000, as well as its highest circulation outcome since its launch in 2004, of 95,762, up 6% on the previous six months. In Auckland, the newspaper has 54,000 more readers than any other Sunday newspaper. Circulation has exceeded 100,000 copies in a number of recent weeks.

nzherald.co.nz remains the number one news site, read by one million people each week, with over 30% of the weekly audience accessing the site from outside New Zealand. We continue to review opportunities to charge for online content and this is especially relevant to new distribution channels such as the iPad and smart phones. However, it is important to note that the nzherald.co.nz site is already highly profitable, with advertising revenues in excess of \$1m per month.

AUSTRALIAN RADIO

The Australian Radio Network (ARN) broadcasts across 12 metropolitan FM and AM stations on two networks, Classic Hits and Mix, with a national audience of more than 4 million people each week.

ARN continues to invest in its programmes across its stations and achieved solid ratings gains in the target audience of 25-54 year-olds during the first half, growing listener numbers and time spent listening. New on-air talent and a fresh approach to music programming have helped reinvigorate the product and attracted new clients.

Advertising market share has stabilised and trading in the beginning of the second half has been strong, particularly in National advertising, with good growth in the finance, entertainment and supermarket categories.

Advertisers are seeing the benefits of the renewed focus on content across multiple platforms, including digital brand extensions of existing stations. ARN launched a smart phone application that allows users to access any of the network's suite of stations through either their Nokia, Android or iPhone mobile telephone. The application has been downloaded more than 30,000 times, and provides additional distribution of the network's digital programming.

NEW ZEALAND RADIO

The Radio Network (TRN) is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 46%, and the two top rating stations in the main markets of Auckland and Wellington. TRN broadcasts across 129 FM and AM stations over eight networks, reaching 1.4 million listeners each week.

Radio in New Zealand has experienced extremely difficult trading conditions for the past 24 months, and the beginning of this year was no exception. However, trading in the initial weeks of the second half has been more positive, with a resurgence in National advertising in particular. Growth in the Banking, Insurance, Retail and Supermarkets categories has been positive and

bookings are beginning to lengthen, providing cautious optimism for a stronger end to the year.

OUTDOOR

APN is the market leader in outdoor advertising in Australia and New Zealand, as well as a major operator in transit and large format in Hong Kong, and large format in Indonesia.

The Australian outdoor market rebounded well in the first half, up 15% on the prior corresponding period, with double digit growth in each of the major formats. There were significant increases in bookings from Retail advertisers, as well as from Travel and Government.

Outdoor bookings taken in Australia are 16% ahead of the same period in 2009. The Division is seeing benefits from the cost management undertaken in 2009, with strong growth in EBIT. The Kurnia Outdoor business was sold in 2009, and bus advertising contracts in New Zealand and Hong Kong were cancelled after being taken in-house by the respective transit operators. These changes impacted the results for the period. Revenue for the Division was flat in local currency terms, and EBIT doubled to \$6.9m.

The rollout of digital billboards continues, with several new sites at Sydney Airport, adding to the stock of quality inventory at one of the nation's busiest transport hubs.

APN Outdoor and joint venture partners Adshel were key supporters of the introduction of the MOVE system – the Measurement of Outdoor Visibility and Exposure – which was launched during the first half. More than 60,000 advertising panels have been measured for a 'likelihood to see', with data available to media buyers and clients to help plan Outdoor campaigns. The system has been well received by the industry and will be a positive factor in

the resurgence of the Outdoor category.

The recovery in advertising seen throughout the half has continued into the third quarter and forward bookings confirm a strong result for the year.

CAPITAL MANAGEMENT

The programme of debt reduction continues, with Net Debt now below \$700m, and Net Debt/EBITDA below 3x. Planning is well advanced for the 2011 debt maturities and extensions are expected to be completed by year-end.

DIVIDEND

An unfranked interim dividend of 5 cents per share has been declared and is payable on 28 September 2010.

OUTLOOK

The Directors continue to see trading improvement both in Australia and New Zealand. The second quarter performed significantly better than the first quarter and the Directors expect the second half to record an improvement over the first half, in line with more traditional trading patterns.

As a leading multimedia company with a broad product focus and unique access to some of the region's most attractive markets, the Board continues to believe that APN's results will improve throughout the balance of 2010 and into 2011.



GAVIN K O'REILLY, CHAIRMAN

21 September 2010

BUSINESS PERFORMANCE: H1 LIKE-FOR-LIKE

| AUD MILLIONS | REVENUE | | | EBIT | | |
|---------------------------|--------------|---------------|-----------|-------------|---------------|------------|
| | H1 2010 | Change on pcp | | H1 2010 | Change on pcp | |
| | | LC* | Reported | | LC* | Reported |
| Australian Regional Media | 140.5 | 7% | 7% | 28.9 | 12% | 12% |
| New Zealand Media | 156.4 | 0% | (1%) | 34.0 | 15% | 13% |
| Australian Radio | 61.0 | 2% | 2% | 21.3 | (4%) | (4%) |
| New Zealand Radio | 40.2 | (2%) | (3%) | 4.5 | (20%) | (21%) |
| Outdoor | 109.4 | 18% | 14% | 6.9 | 5x | 4x |
| Corporate | 0.8 | | | (8.5) | | |
| TOTAL | 508.3 | 5% | 4% | 87.1 | 19% | 19% |
| Interest | 0.4 | | | - | | |
| Exceptionals | 1.1 | | | 0.4 | | |
| AS REPORTED | 509.8 | | | 87.5 | | |

All figures before exceptional items and discontinued businesses * Local Currency

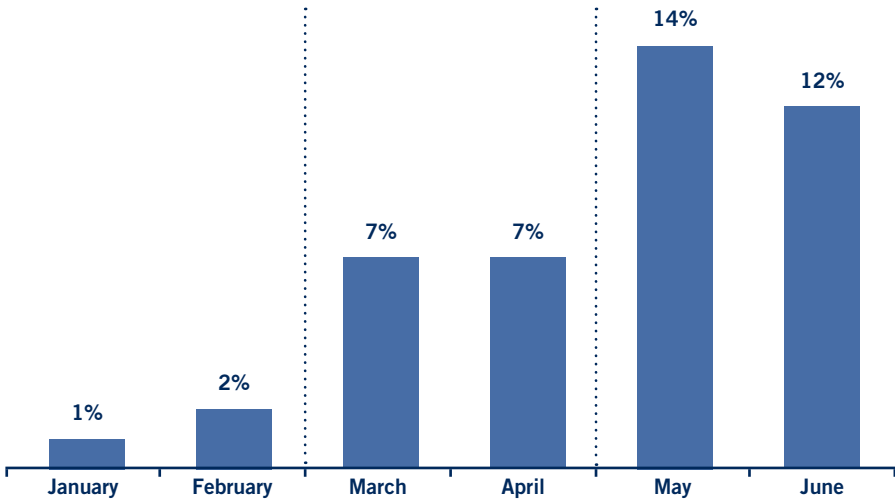
As noted elsewhere, on a reported basis overall revenue was in line with the prior period and EBIT was up 10%.

To assist shareholders to better understand the underlying performance of the Company's assets, some key metrics have been restated on a like-for-like (LFL) basis. This reflects the impact of the sale of the Kurnia Outdoor business in Malaysia, and the cancellation of outdoor contracts which have been taken in-house by the respective transit companies in New Zealand and Hong Kong. No division other than our international Outdoor operations is impacted.

As APN's markets emerged from the global financial crisis, revenue grew 5% in the first half, on a like-for-like basis. There was a particularly good outcome for Outdoor and Australian Regional Media, through our exposure to the fast-recovering national advertising category.

After a challenging 2009, a return to double-digit EBIT growth was encouraging in our publishing and outdoor businesses. In radio, an ongoing investment in programming is beginning to produce results, with improved audience ratings and market share.

ADVERTISING REVENUE: LIKE-FOR-LIKE



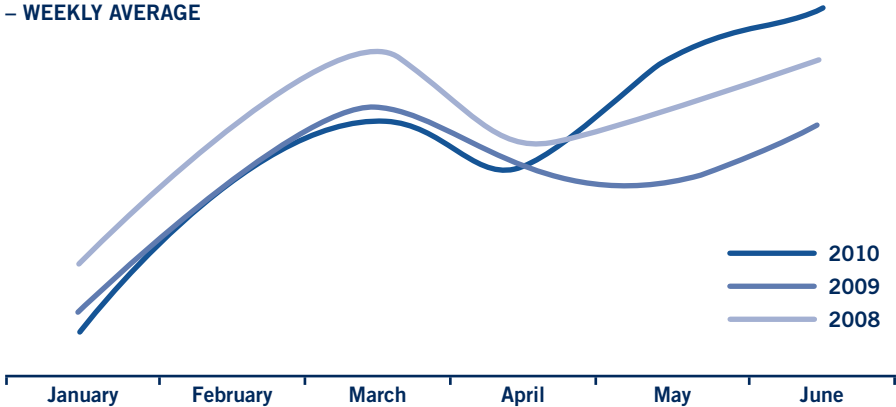
The pace of the revenue improvement across APN's operations accelerated as the half progressed, providing good momentum into the second half. The growth in advertising revenue in May and June was particularly strong, up 14% and 12% on the prior corresponding periods.

The Retail and National advertising categories have recovered well from the global financial crisis. APN businesses with high exposure to the National market have performed well. This has certainly been the case with APN Outdoor, which has experienced strong revenue and EBIT growth, on a like-for-like basis.

In Australia, there has been a good recovery in employment and real estate advertising in APN's regional markets, and the forward indicators in New Zealand are positive.

AUSTRALIAN REGIONAL MEDIA

NATIONAL & RETAIL ADVERTISING – WEEKLY AVERAGE



Australian Regional Media has largely recovered from the economic downturn. National advertising in particular has been strong as advertisers seek to leverage the ongoing high population growth in APN's regions.

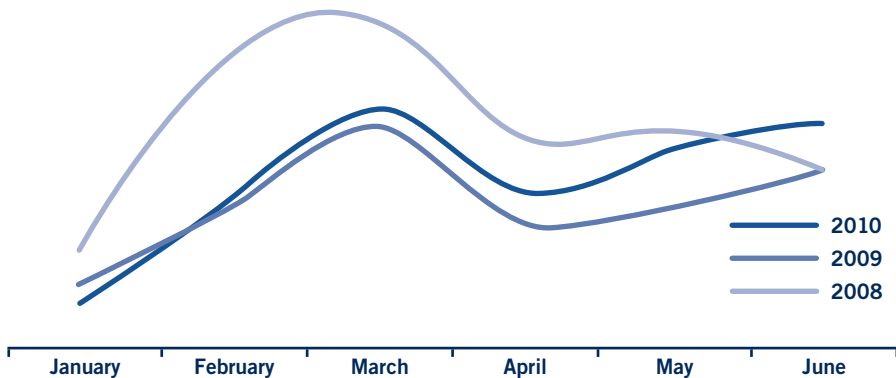
Employment advertising has come back as the business cycle has turned, again underlying the cyclical nature of this category. Improved employment figures point to a strengthening of this category as the year progresses. The property market in Queensland has also recovered, with strong flow-on to advertising.

The strength of National and Retail advertising is illustrated in the chart above, which shows weekly average advertising for the first six months of 2010, compared with the previous two years. The impact of the global financial crisis is evident in the 2009 result, where at all points we were trading below 2008. However, in the second quarter of this year trading broke through the 2008 level and is now at pre-GFC levels.

National and Retail combined represent a significant proportion of total advertising revenue in Australian Regional Media and current trends are encouraging.

NEW ZEALAND MEDIA

NATIONAL & RETAIL ADVERTISING – WEEKLY AVERAGE



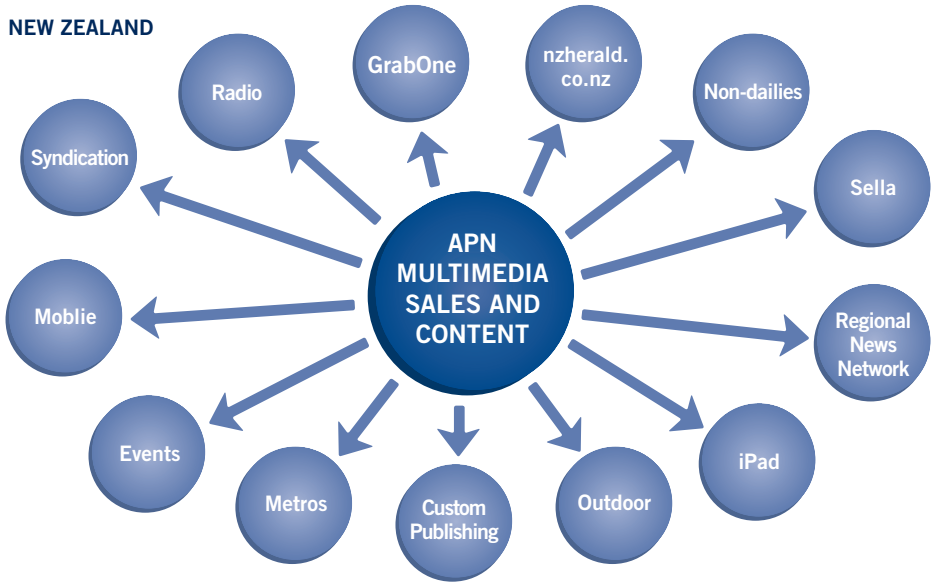
The recovery in New Zealand is less marked than in Australia, but the trends are positive. Average weekly advertising in the National and Retail categories surpassed the levels of 2008 during the second quarter, and forward bookings are encouraging.

The impact of the global financial crisis can be seen in the chart above with the sharp downturn in March 2008. While advertising is yet to return to pre-GFC levels in New Zealand, the local economy is strengthening, particularly commodity exports, which will have a positive flow-on to domestic confidence and spending.

The strong brand recognition of The New Zealand Herald and APN's portfolio of popular consumer magazines provide a substantial foundation from which to grow the business.

MULTIMEDIA STRATEGY

NEW ZEALAND



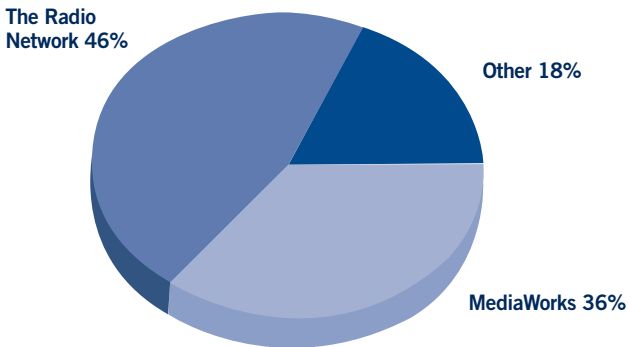
The New Zealand Herald daily brand audience for newspaper and online combined is 753,000, up 12% year-on-year. In concert with APN's suite of other media assets – radio, outdoor, events – New Zealand Media is able to offer unequalled reach into key markets across the country.

This unique cross platform access is the key to APN's multimedia sales and content strategy. Advertising sales teams are able to sell across a broad range of products and offer clients a variety of advertising and marketing channels to grow their businesses.

This integrated sales approach will be a key driver to APN's future growth.

RADIO

AUCKLAND 10+ AUDIENCE SHARE

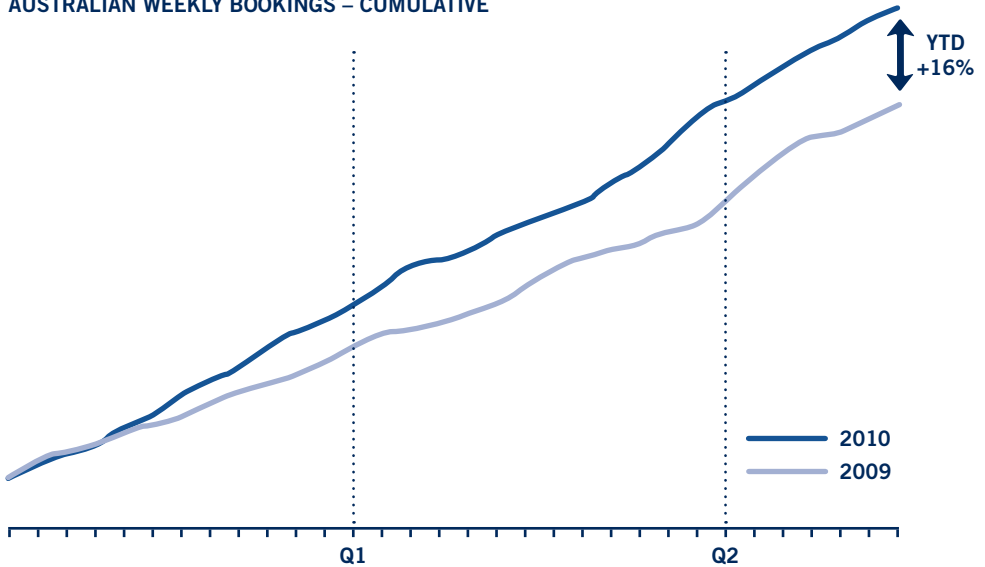


The radio market in Australia has been resilient and while APN's revenue share has moderated, good progress is being made. As part of a significant investment in content, new talent is being introduced across the Australian Radio Network as we continue to re-build our audience share. Innovative programming and fresh promotions saw advertising share stabilise across the second quarter. Through this renewed focus on content, and with the broadcast signal now available on analogue, digital and through smart phones, APN's advertising clients have even greater reach into their markets.

In New Zealand, The Radio Network continues to lead the market, with a 46% share of the national audience, as well as in the largest market of Auckland. While radio has been slower to recover than elsewhere, there was good growth late in the first half, which has continued into the third quarter. Forward bookings are positive, with a good improvement in agency sales.

OUTDOOR

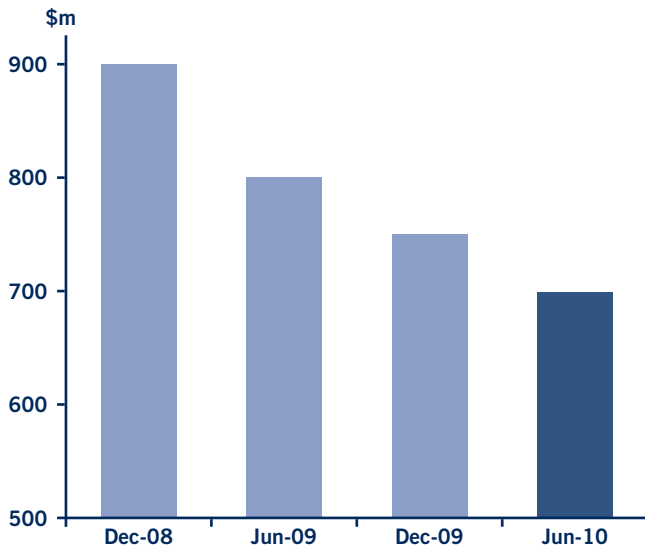
AUSTRALIAN WEEKLY BOOKINGS – CUMULATIVE



The Outdoor business has recovered well from the economic downturn. The chart above shows cumulative total orders by week for 2009 and 2010. The business is tracking significantly ahead of the prior year. With substantial gains in cost management, Outdoor is well positioned to benefit from the traditionally stronger fourth quarter.

The launch of the MOVE system – the Measurement of Outdoor Visibility and Exposure – will build Outdoor market share as media buyers utilise data on 60,000 outdoor panels to plan their campaigns.

FINANCIAL SUMMARY – NET DEBT



APN's debt levels continue to fall, with net debt now below \$700m and the Net Debt/EBITDA ratio is below three times.

Debt has been reduced by more than \$200m since December 2008. Continued earnings recovery will see the Company's credit metrics improve further, on the back of ongoing low capital expenditure requirements and strong cash conversion.

The Company has no material debt maturities until the second half of 2011 and has \$300m in undrawn credit facilities.

REGISTERED OFFICE

Level 4, 100 William Street, Sydney NSW 2011

Telephone +61 2 9333 4999

Facsimile +61 2 9333 4900

SHARE REGISTRY

Link Market Services Limited

Level 12, 680 George Street, Sydney NSW 2000

Locked Bag A14, Sydney South NSW 1235

Telephone within Australia 1300 553 550

Facsimile within Australia 02 9287 0303

Telephone within New Zealand 09 375 5998

Facsimile within New Zealand 09 375 5990

Telephone outside Australia and New Zealand

+61 2 8280 7142

Email registrars@linkmarketservices.com.au

Website www.linkmarketservices.com.au

www.apn.com.au | ABN 95 008 637 643