Appendix 4D and Half Year Financial Report

APN News & Media Limited and controlled entities
for the period ended 30 June 2012

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APN NEWS & MEDIA LIMITED AND ITS CONTROLLED ENTITIES
A.B.N. 95 008 637 643
RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF-YEAR ENDED 30 JUNE 2012
(PREVIOUS CORRESPONDING PERIOD: HALF-YEAR ENDED 30 JUNE 2011)

Results for announcement to the market

Revenue from continuing operations	up	1%	to	**$405.5 m**
Net loss attributable to members of the parent entity	down	225%	to	**$319.4m**

Dividends	Amount per share	Franked amount per share
Final dividend 2011	5.0 cents	1.5 cents
Interim dividend	1.5 cents	0.5 cents
Record date for determining entitlements to the interim dividend	5 September 2012	
Date dividend payable	26 September 2012	

Directors' report

Your directors present their report on the consolidated entity consisting of APN News & Media Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2012.

1. Directors

The directors of the company at any time during the period ended 30 June 2012 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

Gavin O'Reilly (Chairman) (resigned 20 April 2012)
Ted Harris (Deputy Chairman and Acting Chairman since 20 April 2012)
Brett Chenoweth (Chief Executive)
Pierce Cody (resigned 22 February 2012)
Peter Cosgrove
Vincent Crowley
Kevin Luscombe
John Maasland
John Harvey
Melinda Conrad (appointed 1 January 2012)

On 30 July 2012 the company announced that Peter Hunt has been appointed as a director and Chairman of the Board with effect from 3 September 2012.

2. Review of operations

The results of the company for the half year include:

- Revenue from continuing operations 1% up on prior period despite difficult publishing market
- Segment result (EBIT before exceptional items) of $57.5m
- Outdoor joint venture formed during the period with gain of $80.0m arising
- Acquisition of brandsExclusive completed in June 2012
- Impairment charge of $485m before tax in relation to New Zealand Publishing assets

Refer to market announcement for additional details.

3. Dividends

The directors of the company have declared a dividend of 1.5 cents per ordinary share partly franked to 0.5 cents, to be paid for the half-year ended 30 June 2012. The record date for the dividend is 5 September 2012 and the dividend will be payable on 26 September 2012.

4. 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 Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

5. 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 the Directors' Report.

This report is made in accordance with a resolution of the directors.

Ted Harris
Acting Chairman

Brett Chenoweth
Chief Executive Officer

17 August 2012
Sydney

Auditor’s independence declaration

As lead auditor for the review of APN News & Media Limited for the half-year ended 30 June 2012, 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 review; and

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

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

DS Wiadrowski

DS Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
17 August 2012

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APN NEWS & MEDIA LIMITED AND ITS CONTROLLED ENTITIES
A.B.N. 95 008 637 643

Consolidated income statement

for the period ended 30 June 2012

	Note	**June 2012 $'000**	June 2011 $'000
Revenue from continuing operations	2	**405,492**	401,778
Other revenue and income	2	**3,925**	9,905
Total revenue and other income	2	**409,417**	411,683
Impairment of intangible assets		**(485,000)**	(156,030)
Expenses before finance costs		**(357,324)**	(369,650)
Finance costs		**(25,813)**	(28,440)
Share of profits of associates		**2,519**	1,656
Loss before income tax credit	3	**(456,201)**	(140,781)
Income tax credit		**64,042**	45,603
Loss from continuing operations		**(392,159)**	(95,178)
Profit from discontinued operations	13	**83,963**	7,741
Loss for the period		**(308,196)**	(87,437)
Loss is attributable to:			
Owners of the parent entity		**(319,400)**	(98,326)
Non controlling interests		**11,204**	10,889
		(308,196)	(87,437)
Earnings per share from continuing operations			
Basic/diluted earnings per share	14	**(63.0) cents**	(17.3) cents
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings per share	14	**(49.9) cents**	(16.1) cents

Consolidated statement of comprehensive income

for the period ended 30 June 2012

	June 2012 $'000	June 2011 $'000
Loss for the period	**(308,196)**	(87,437)
Exchange differences on translation of foreign operations	**16,663**	11,041
Changes in fair value of hedges	**923**	(1,168)
Exchange and other differences applicable to non controlling interest	**2,797**	2,512
Other comprehensive income, net of tax	**20,383**	12,385
Total comprehensive income	**(287,813)**	(75,052)
Total comprehensive income is attributable to:		
Owners of the parent entity	**(301,814)**	(88,453)
Non controlling interests	**14,001**	13,401
	(287,813)	(75,052)

APN NEWS & MEDIA LIMITED AND ITS CONTROLLED ENTITIES
A.B.N. 95 008 637 643

Consolidated balance sheet
as at 30 June 2012

	Note	**June 2012 $'000**	Dec 2011 $'000
Current assets			
Cash and cash equivalents		**31,358**	23,885
Receivables		**119,285**	169,085
Inventories		**8,500**	9,053
Income tax receivable		**-**	546
Other current assets		**49,903**	27,907
Total current assets		**209,046**	230,476
Non-current assets			
Receivables		**29,395**	1,516
Other financial assets		**22,264**	31,164
Investments accounted for using the equity method	5	**99,850**	43,331
Property, plant and equipment		**187,832**	233,066
Intangible assets	6	**918,439**	1,456,952
Deferred tax assets		**31,354**	-
Retirement benefit asset		**1,650**	1,471
Total non-current assets		**1,290,784**	1,767,500
Total assets		**1,499,830**	1,997,976
Current liabilities			
Payables		**147,608**	135,667
Derivative liabilities		**2,725**	778
Interest bearing liabilities		**28,924**	27,504
Current tax liabilities		**11,099**	5,925
Provisions		**16,023**	16,436
Total current liabilities		**206,379**	186,310
Non-current liabilities			
Payables		**-**	4,043
Interest bearing liabilities		**472,096**	633,526
Derivative liabilities		**591**	3,839
Deferred tax liabilities		**-**	47,638
Provisions		**44,346**	9,819
Total non-current liabilities		**517,033**	698,865
Total liabilities		**723,412**	885,175
Net assets		**776,418**	1,112,801
Equity			
Contributed equity	8	**1,089,663**	1,074,115
Reserves		**(80,116)**	(77,441)
Accumulated losses		**(465,651)**	(117,700)
Total parent entity interest		**543,896**	878,974
Non controlling interests		**232,522**	233,827
Total equity		**776,418**	1,112,801

APN NEWS & MEDIA LIMITED AND ITS CONTROLLED ENTITIES
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Consolidated statement of changes in equity

for the period ended 30 June 2012

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non controlling interest $'000	Total equity $'000
Balance at 1 January 2011		1,045,999	(75,796)	(8,170)	**962,033**	226,172	**1,188,205**
Total comprehensive income		-	9,873	(98,326)	**(88,453)**	13,401	**(75,052)**
Transactions with equity holders							
Contributions of equity	8	18,307	-	-	**18,307**	-	**18,307**
Dividends paid		-	-	(42,426)	**(42,426)**	-	**(42,426)**
Transactions with non controlling interests		-	-	-	**-**	(3,859)	**(3,859)**
Total equity at 30 June 2011		1,064,306	(65,923)	(148,922)	**849,461**	235,714	**1,085,175**
Balance at 1 January 2012		1,074,115	(77,441)	(117,700)	**878,974**	233,827	**1,112,801**
Total comprehensive income		-	17,586	(319,400)	**(301,814)**	14,001	**(287,813)**
Transfer between reserves			(2,960)	2,960	**-**	-	**-**
Transactions with equity holders							
Contributions of equity	8	15,548	-	-	**15,548**	-	**15,548**
Dividends paid		-	-	(31,511)	**(31,511)**	-	**(31,511)**
Transactions with non controlling interests		-	(17,301)	-	**(17,301)**	(15,306)	**(32,607)**
Total equity at 30 June 2012		1,089,663	(80,116)	(465,651)	**543,896**	232,522	**776,418**

Consolidated statement of cash flows

For the period ended 30 June 2012

	June 2012 $'000	June 2011 $'000
Cash flows from operating activities		
Receipts from customers	**552,150**	591,503
Payments to suppliers and employees	**(476,157)**	(496,429)
Dividends received	**525**	329
Interest received	**559**	262
Interest paid	**(24,511)**	(26,154)
Income taxes paid	**(6,853)**	(15,740)
Net cash inflows from operating activities	**45,713**	53,771
Cash flows from investing activities		
Payments for property, plant and equipment	**(9,399)**	(12,457)
Payments for goodwill	**-**	(3,670)
Payments for software	**(1,394)**	(498)
Payments for other intangible assets	**-**	(116)
Payments for acquisition of controlled entities, net of cash acquired	**(31,526)**	(1,881)
Proceeds from sale of property, plant & equipment	**19,522**	1,342
Net payments for purchase / proceeds from sale of financial assets	**7,821**	3,201
Net proceeds on formation of Outdoor joint venture	**173,021**	-
Dividend received from associates	**-**	1,000
Net loans repaid by / (advanced to) other entities	**131**	1,493
Net cash inflows / (outflows) from investing activities	**158,176**	(11,586)
Cash flows from financing activities		
(Loans to) / repaid by associates	**(256)**	15
Proceeds from borrowings	**130,875**	133,469
Repayments of borrowings	**(299,732)**	(177,622)
Payments for borrowing costs	**-**	(640)
Principal repayments under finance leases	**(1,266)**	(1,196)
Dividends paid to shareholders	**(15,962)**	(24,119)
Net payments to non controlling interests	**(10,426)**	(10,596)
Net cash flows from financing activities	**(196,767)**	(80,689)
Change in cash and cash equivalents	**7,122**	(38,504)
Cash and cash equivalents at the beginning of the period	**23,885**	63,539
Effects of exchange rate changes	**351**	269
Cash and cash equivalents at the end of the period	**31,358**	25,304

Notes to the financial statements

1. Summary of significant accounting policies

Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. The half-year financial report does not include all notes of the type normally included in an annual financial report and accordingly should be read in conjunction with the most recent annual financial report and any public announcements made by APN News & Media Limited during the interim reporting period and up to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those detailed in the 2011 Annual Report. These policies have been consistently applied to all periods presented.

Significant accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

(i) Impairment
The Group tests on an annual basis and when there are indications of impairment whether goodwill and other non-amortising intangible assets have suffered any impairment. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 6 for details of these assumptions and details of the impairment charge recorded at 30 June 2012.

(ii) Property valuations
The Group periodically revalues land and buildings. These valuations are based on available evidence at the time the valuation is conducted but is subject to estimation.

(iii) Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

2. Revenue and other income

	June 2012 $'000	June 2011 $'000
Advertising revenue	**403,695**	401,778
Revenue from sale of goods	**1,797**	-
Revenue from continuing operations	**405,492**	401,778
Finance income	**1,255**	769
Dividends	**525**	329
Sub lease rental income	**612**	488
Fair value adjustment on acquisition of associate	**-**	8,127
Gain on disposal of property	**1,434**	-
Other	**99**	192
Total other revenue and income	**3,925**	9,905
Total revenue and other income	**409,417**	411,683

Notes to the financial statements

3. Segment information

Description of segments

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

Australian Regional Media	Newspaper and online publishing
New Zealand Media	Newspaper, magazine and online publishing
Australian Radio Network	Metropolitan radio networks
The Radio Network	Radio networks throughout New Zealand
APN Outdoor Group	Roadside billboard, transit and other outdoor advertising
APN Digital Group	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 exceptional items such as restructuring costs and impairments of intangible assets.

The segment information provided to the Directors and senior management team for the period ended 30 June 2012 is as follows:

2012 $'000	**Australian Regional Media**	**New Zealand Media**	**Australian Radio Network**	**The Radio Network**	**APN Outdoor Group**	**APN Digital Group**	**Unallocated**	**TOTAL**
Revenue from external customers	**125,197**	**140,996**	**68,125**	**41,658**	**89,768**	**11,358**	**-**	**477,102**
Segment result	**16,061**	**16,930**	**22,242**	**4,148**	**8,919**	**(1,196)**	**(9,620)**	**57,484**

The Outdoor segment includes the consolidated results of the businesses now part of APN Outdoor Pty Limited joint venture until April and the equity accounted results of the venture for May and June. It also includes the consolidated results of the Outdoor Hong Kong businesses and the equity accounted results of the Group's 50% holding in Adshel Street Furniture Pty Limited.

Reconciliation of segment result to operating loss before income tax

Segment result	**57,484**
Net finance costs	**(24,558)**
Gain on disposal of property	**1,434**
Redundancies and associated costs	**(1,291)**
Impairment of intangible assets	**(485,000)**
Discontinued operations	**(4,270)**
Loss before tax from continuing operations	**(456,201)**

The gain on disposal of property relates to the sale and leaseback of our main print site in Auckland, New Zealand.

The redundancies and associated costs relate to restructuring in our New Zealand Media division.

Refer to note 6 for further details on the impairment of intangible assets.

Refer to note 13 for further details on the discontinued operations.

Notes to the financial statements

3. Segment information (continued)

2011 $'000	Australian Regional Media	New Zealand Media	Australian Radio Network	The Radio Network	APN Outdoor Group	APN Digital Group	Unallocated	TOTAL
Revenue from external customers	134,897	144,727	63,102	40,343	121,815	3,182	-	508,066
Segment result	17,625	22,971	20,289	4,816	12,443	(2,839)	(8,822)	66,483

2011 segment result has been restated to reflect the separate reporting of the APN Digital Group segment since July 2011.

Reconciliation of segment result to operating loss before income tax

Segment result	66,483
Net finance costs	(27,682)
Fair value adjustment on acquisition of associate	8,127
Redundancies and associated costs	(10,344)
Asset write downs	(11,310)
Impairment of intangibles	(156,030)
Closure of Finda	(810)
Discontinued operations	(9,215)
Loss before tax from continuing operations	(140,781)

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

Redundancies and associated costs relate to the restructuring program put in place during the period with approximately 200 staff being made redundant in our publishing divisions.

Asset write downs relate mainly to the closure of certain loss making magazines in our Australian Regional Media division and the closure of the Bundaberg and Mackay printing facilities plant and equipment.

4. Dividends

	June 2012 $'000	June 2011 $'000
Final dividend for the year ended 31 December 2011 of 5.0 cents per share, franked to 1.5 cents, paid on 30 March 2012 (2010: 7.0 cents per share franked to 2.0 cents paid on 31 March 2011)	**31,511**	42,426
Dividends not recognised at the end of the half-year In addition to the above dividends, since the end of the half-year, the directors have declared the payment of an interim dividend of 1.5 cents (2011:3.5 cents) per share partly franked to 0.5 cents (2011: fully franked). The aggregate amount of the proposed dividend expected to be paid on 26 September 2012 but not recognised as a liability at the end of the half-year is	**9,735**	21,650

There were no foreign sourced dividend amounts for the above dividend payments

Dividend reinvestment plan
Shareholders may participate in the Company's dividend reinvestment plan (DRP) for the interim dividend for the half-year ended 30 June 2012. 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 6 September 2012 to 12 September 2012 inclusive. The last date for the receipt of an election notice for participation in the DRP for the final dividend is 5 September 2012.

Notes to the financial statements

5. Investments accounted for using the equity method

Name of associate	Ownership interest		Consolidated carrying values	
	June 2012	Dec 2011	**June 2012 $'000**	Dec 2011 $'000
APN Outdoor Group Pty Limited	50%	-	53,276	-
Adshel Street Furniture Pty Limited	50%	50%	40,574	37,331
Soprano Design Pty Limited	25%	25%	6,000	6,000
			99,850	43,331

	June 2012 $'000	June 2011 $'000
Share of profits of associates		
Profit after income tax expense	**2,519**	1,656

6. Intangible assets

	June 2012 $'000	Dec 2011 $'000
Goodwill	**205,119**	223,885
Software – net of accumulated amortisation	**6,587**	6,557
Mastheads – at cost less provision for impairment	**319,383**	786,844
Radio Licences – net of accumulated amortisation	**336,677**	336,481
Transit and outdoor advertising systems – at cost	**-**	54,713
Brands – at cost	**50,673**	44,335
Lease intangibles – net of accumulated amortisation	**-**	4,137
	918,439	1,456,952

Impairment of intangible assets
At the balance date it has been determined that there are indicators of impairment of our New Zealand and Australian publishing assets, arising from the subdued economic environment affecting the areas in which they operate. Therefore, in accordance with AASB 136 we have performed an impairment review of the respective cash generating units (CGU).

The value in use calculations used in the impairment review have been based on management estimates using budgets and forecasts for a three year period, extrapolated at estimated 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 EBITDA growth rates between -2% and 2%, with a higher medium term growth rate of between 2% and 10% for the online businesses
- A post tax discount rate of 10.5%.

As a result of the review, the carrying amount of mastheads allocated to the New Zealand publishing CGU's has been reduced to their recoverable amounts through the recognition of an impairment charge. No impairment charge arises on the Australian publishing assets. The impairment of the New Zealand assets is a result of a number of factors including the economic weakness facing the New Zealand economy and the structural changes in the advertising market.

The impairment charge impacts the three New Zealand publishing CGU's as follows:

	Impairment charge $'000	**Carrying value of intangible assets $'000**
New Zealand Metro	370,303	173,591
New Zealand Regionals	83,739	26,838
New Zealand Magazines	30,958	-
	485,000	**200,429**

Notes to the financial statements

7. Asset backing

	June 2012	Dec 2011
	$	$
Net tangible asset backing per ordinary share	**(0.22)**	(0.57)
Net asset backing per ordinary share	**0.84**	1.39

8. Equity securities issued

	June 2012 No. of shares	June 2011 No. of shares	**June 2012 $'000**	June 2011 $'000
Balance at start of period	**630,211,415**	606,084,019	**1,074,115**	1,045,999
Dividend Reinvestment Plan	**18,799,341**	12,484,273	**15,548**	18,307
	18,799,341	12,484,273	**15,548**	18,307
Balance at end of period	**649,010,756**	618,568,292	**1,089,663**	1,064,306

9. Contingent liabilities

Guarantees
The parent entity and all wholly owned controlled entities have provided guarantees in respect of its credit facilities. As at 30 June 2012, the facilities have been drawn to the extent of $431,459,000 (December 2011: $594,911,000).

The parent entity and some wholly owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of $45,000,000 (December 2011: $45,000,000).

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 significant costs or damages.

10. Acquisitions and disposals of material controlled entities

Acquisitions

Name of entity	Date acquired	Ownership interest acquired
Brands Exclusive Pty Limited	21 June 2012	82%

Disposals

Name of entity	Date disposed	Ownership interest disposed
APN Outdoor Group Pty Limited	30 April 2012	50%

Notes to the financial statements

11. Business combinations

On 21 June 2012 the group acquired 82% of brandsExclusive (Australia) Pty Limited, a leading eCommerce business based in Australia. The purchase agreement includes put and call options over the remaining shares.

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

	$'000
Purchase consideration	
Cash paid	**36,124**
Contingent consideration	**19,882**
Total purchase consideration	**56,006**
Net assets acquired	
Cash and cash equivalents	**9,684**
Receivables	**405**
Inventory	**1,589**
Property, plant and equipment	**858**
Intangible assets	**4,200**
Other assets	**612**
Total assets	**17,348**
Payables	**4,314**
Other liabilities	**4,630**
Total liabilities	**8,944**
Value of net identifiable net assets	**8,404**
Less: Non controlling interests	**(984)**
Add: Goodwill	**48,586**
Net assets acquired	**56,006**

The cash paid includes $6,300,000 invested in the company for newly issued capital, which will be used to fund growth enabling initiatives. The goodwill recognised is attributable to the fast rate of growth in sales and resulting profitability expected from the business over the short term. The goodwill is not deductible for tax purposes.

i) Contingent consideration
In the event that certain pre-determined earnings thresholds are achieved by Brands Exclusive, contingent consideration up to a maximum of $29,822,600 may be payable in cash. The amount provided of $19,882,000 is based on the forecast earnings outcome over the earn out period.

ii) Non controlling interests
The non controlling interest has been recognised at fair value.

iii) Revenue and profit contribution
The acquired business contributed revenues of $1,798,000 and a net loss after tax of $60,000 to the group for the period from 21 June 2012 to 30 June 2012.

12. Transactions with non-controlling interests

Acquisition of final 25% of IdeaHQ Limited
In May 2012 the group acquired the final 25% of IdeaHQ Limited and subsidiaries, including GrabOne New Zealand. This transaction was treated as a transaction with a non controlling interest as the group previously controlled and consolidated IdeaHQ. The purchase consideration was $3,200,000 with a further $6,173,000 payable should the businesses achieve certain predetermined performance targets.

The carrying amount of the non-controlling interests in Idea HQ Limited on the date of acquisition was $4,367,000. The Group recognised a decrease in equity attributable to owners of the parent of $5,006,000.

Notes to the financial statements

13. Discontinued operations

(a) Description

On 30 April 2012 the group disposed of 50% of its interest in APN Outdoor Group Pty Limited and its subsidiaries. The remaining 50% interest has been treated as an investment in a joint venture and equity accounted from 1 May 2012. The results of the business prior to disposal are reported as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

(b) Financial performance and cash flow information

	April 2012 $'000	June 2011 $'000
Revenue	**71,658**	106,388
Expenses	**(67,388)**	(97,173)
Profit before income tax	**4,270**	9,215
Income tax expense	**(342)**	(1,473)
Profit after income tax of discontinued operation	**3,928**	7,742
Gain on sale of the division before income tax	**80,035**	-
Income tax expense	**-**	-
Gain on sale of the division after income tax	**80,035**	-
Profit from discontinued operation	**83,963**	7,742
Net cash inflow from operating activities	**16,515**	23,628
Net cash inflow/(outflow) from investing activities	**170,702**	(5,302)
Net increase in cash generated by the division	**187,217**	18,326

(c) Carrying amount of assets and liabilities

The carrying amounts of assets and liabilities of the discontinued operation at 30 April 2012 were:

	$'000
Cash and cash equivalents	**3,003**
Inventories	**429**
Receivables	**35,742**
Property, plant and equipment	**25,772**
Intangible assets	**127,470**
Other assets	**20,717**
Total assets	**213,133**
Payables	**31,976**
Provisions	**1,473**
Deferred tax liabilities	**7,837**
Total liabilities	**41,286**

Notes to the financial statements

14. Earnings per share

	June 2012 Cents per share	June 2011 Cents per share
Basic / diluted earnings per share	**(63.0)**	(17.3)
Basic / diluted earnings per share from continuing and discontinued operations	**(49.9)**	(16.1)

	June 2012 Number	June 2011 Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of:		
Basic / diluted earnings per share	**639,766,881**	612,395,513

15. Income tax

The Company is involved in a dispute with the New Zealand Inland Revenue Department regarding certain financing transactions. The dispute involves tax of NZ$41 million for the period up to 31 December 2011. No 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 NZ$25 million. The IRD are seeking to impose penalties of between 10% and 50% of the tax in dispute in addition to the tax claimed.

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 6 to 18 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 consolidated entity's financial position as at 30 June 2012 and of its performance for the half-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.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Ted Harris
Acting Chairman

Brett Chenoweth
Chief Executive Officer

17 August 2012
Sydney

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of APN News & Media Limited, which comprises the balance sheet as at 30 June 2012, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the APN News & Media Limited Group (the consolidated entity). The consolidated entity comprises both APN News & Media Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APN News & Media Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of APN News & Media Limited Group is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

PricewaterhouseCoopers

DS Wiadrowski
Partner

Sydney
17 August 2012