APN
NEWS & MEDIA

September 15, 2006

Dear Shareholder,

I am pleased to enclose APN News & Media's Interim Report for the First Half of 2006.

After three strong years of growth across all major divisions, your Company again reported good growth in earnings with Net Profit After Tax increasing 9% on the prior year. As a result, Directors have announced an increase in interim dividend of 10% to 9.7 cents per share to be paid on 28 September 2006.

It has been a satisfactory six months for your Company, with another record profit for the Half, despite our core businesses having faced varying market conditions. However, through the ongoing strength of our media brands, our businesses were able to increase market share and consolidate their positions.

In Australia, the Regional Publishing division continued to produce strong growth, reflecting the ongoing vigour of the economies in which we operate. In northern New South Wales and Queensland, record low unemployment levels together with a programme of multi-billion dollar private and government development projects will provide a firm platform for continued growth in our regions for some time to come.

In New Zealand, APN publications continue to lead their markets, particularly in the commercial capital of Auckland, where each week more than 80 per cent of the population aged 15+ reads a copy of an APN daily newspaper, weekly newspaper or magazine. The Herald on Sunday, which was launched in October 2004, is now the most read Sunday newspaper in both Auckland and the Northern region.

The Online division has appointed a strong team and has already relaunched the *search4jobs* website, quickly becoming the number 2 employment website in New Zealand. The division is developing plans for a range of new online initiatives.

APN's radio assets in Australia and New Zealand consolidated their positions in moderating markets and continued to grow advertising market share particularly in the advertising agency sector.

The Outdoor division produced a strong result, benefiting from previous restructuring and the end of a number of uneconomic contracts.

Since June 2005, almost 50 million shares have been bought back in advance of the expected conversion of a significant proportion of the remaining Convertible Notes on issue, thereby increasing the efficiency of the Company's use of capital.

The Full Year results will be reported to you in February.

Yours sincerely

B Hopkins

Brendan Hopkins
Chief Executive

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