APN NEWS & MEDIA

2015

Annual Report

APN NEWS & MEDIA LIMITED
ABN 95 008 637 643

Awarded the Global Bronze Cannes Lion in recognition of its work on the Optus and Netflix campaign.

emotive

AUSTRALIAN REGIONAL MEDIA

87%

Market Penetration of 87%. Launched Australia's first regional digital subscription package.

#1

***The New Zealand Herald* and Newstalk ZB continue to be the leading news and radio brands in the country.**

NZME.

iHeart RADIO

iHeartRadio is continuing to strengthen its position among under 35 year olds. In 2015 registered users increased 52 per cent.

52%

20,000

Adshel has almost 20,000 out-of-home advertising panels across Australia and New Zealand.

#1

SYDNEY ADELAIDE BRISBANE

#1
Australian Metropolitan Radio Network

APN NEWS & MEDIA

"APN made strong progress in the integration, digitisation and diversification of our businesses and revenues."

Ciaran Davis
Chief Executive Officer

CONTENTS

The Australian Radio Network (ARN) is **Australia's #1 metropolitan radio network** with **KIIS, the #1 national radio brand**. We operate the **#1 and #2 FM stations in Sydney** and the **#1 FM stations in Brisbane and Adelaide**. In January, we **acquired Perth's 96FM, completing the national KIIS network**.

#1 & #2
FM IN SYDNEY

PAGE 12

In 2015, Adshel **digitised 35 of its panels in Auckland's CBD and launched the world's first national digital street furniture network in Australia with 270 digital panels**. We have since announced that we will be **expanding our digital network across both countries**.

305
DIGITAL STREET FURNITURE PANELS IN AU & NZ

PAGE 14

APN's **Hong Kong outdoor operations** were restructured in the second half after the loss of the bus body contract in June. Now **refocused on Cody out-of-home**, we have **secured a number of key contracts throughout the year**.

600
LARGE FORMAT PANELS

PAGE 20

AUSTRALIAN REGIONAL MEDIA

Australian Regional Media (ARM) has a weekly **audience of 1.6m**, with a **market penetration of 87%.** In August, ARM **launched Australia's first regional digital subscription package**.

1.6m
WEEKLY AUDIENCE

PAGE 16

NZME is **delivering on the transformation goals** set in November 2014. Key strategic initiatives to support the business' integration included **launching one newsroom, merging commercial teams and increasing digital and new revenue streams. *The New Zealand Herald* was named Newspaper of the Year** and continues to be the **#1 news media brand** in the country. Newstalk ZB is the country's **#1 radio station.**

#1
NEWS MEDIA BRAND & RADIO STATION

PAGE 18

ABOUT APN

2015 was a year of significant progress and transformation at APN.

A year of significant progress and transformation

In 2015, the Australian Radio Network (ARN) maintained its position as Australia's number one metropolitan radio network, enhanced by the successful integration of Perth's 96FM into the KIIS brand following the acquisition of the business in January.

In June, Adshel digitised 35 of its key advertising panels in Auckland CBD and in October, it launched Adshel LIVE, the world's first national digital street furniture network in Australia with 270 digital panels. The digitisation of these panels has driven significant revenue gains for the Adshel business. In February 2016, Adshel announced the expansion of its digital asset base to over 800 panels across Australia and New Zealand from 2016.

APN refocused its Hong Kong business on the Cody out-of-home operations following the loss of a bus body contract in June. After a transition period, Cody is rebuilding and securing a number of new contracts.

NZME has delivered on the transformation goals set out in the November 2014 forecast to market. Three businesses were successfully merged into one editorially through the creation of 'one newsroom', and commercially through the provision of integrated multi-platform advertising solutions. The business integration process is ongoing.

In August, Australian Regional Media (ARM) launched Australia's first regional digital subscription package. After a better than expected launch at *The Toowoomba Chronicle*, ARM fast-tracked its digital subscription rollout to all of its daily mastheads in October.

ARM digital subscription growth is ahead of plan with conversion rates from trial to regular subscribers at 86 per cent.

Results highlights

Strong cash flows reduced leverage to

2.74 times

1% ↑

Revenue from continuing operations

1% ↑

Earnings before interest, tax, depreciation and amortisation (EBITDA)

Group cost savings target exceeded

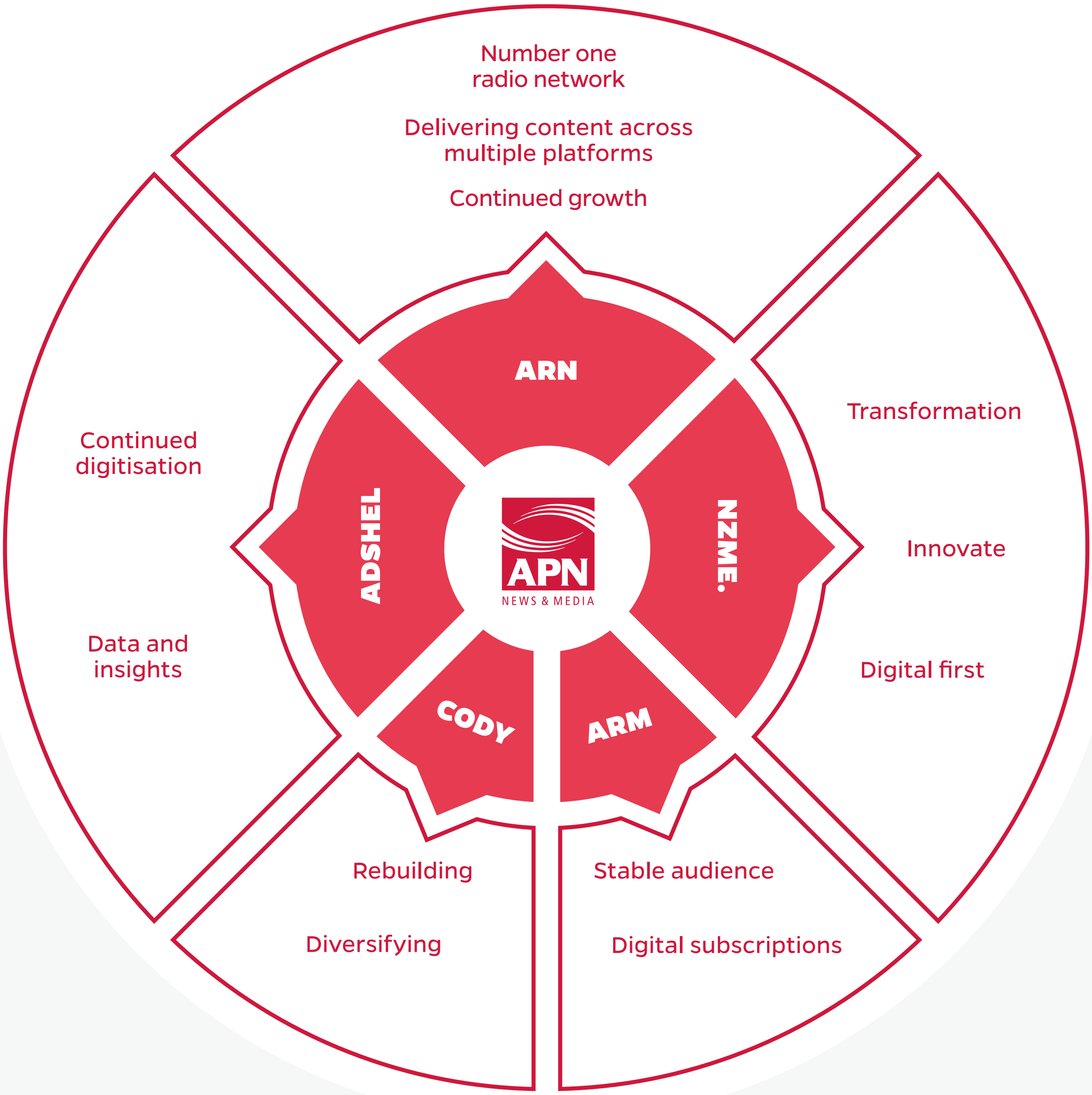
$25m

Cash flows*	$78.2m
Revenue**	$850.0m
EBITDA***	$166.2m

* Before the impact of acquisitions and divestments

** From continuing operations.

*** From continuing operations and before exceptional items.



Positioning APN for the future

In Australia, radio and outdoor were two of the biggest growth sectors in media with industry growth at five and 17 per cent respectively.

Within those sectors, ARN and Adshel are strong assets with positive outlooks and momentum.

Investments will continue to be made ensuring we capitalise on the future growth potential of both these businesses.

Increasingly, APN will look to grow its younger audience base, delivering content across multiple platforms including mobile, video and social, utilising new and existing assets such as iHeartRadio, The Edge and Emotive.

NZME's continued transformation in merging three businesses into one has delivered excellent progress in a short time. There are still a lot of opportunities to be realised for NZME. While we will continue to examine strategic alternatives for the business, APN's priority is to position the business for further growth.

Although operating in a challenging advertising environment, there continue to be positive results delivered within ARM. It has maintained stable audiences and grown its digital footprint through the delivery of greater digital content. APN recognises that more investment is required in fast-tracking ARM's digitisation and monetisation of its loyal and local audiences. As APN's focus remains on growth assets and opportunities, we are not in a position to continue investing in this asset. APN has therefore commenced a process to divest ARM.

CHAIRMAN'S REPORT

Peter Cosgrove
Chairman

2015 was a year of transformation as APN continued to reposition for growth. Overall, APN produced a solid revenue and EBITDA performance, exceeded its cost saving program and generated strong cash flows with net profit after tax before exceptional items attributable to APN shareholders of $70m.

Strategic initiatives were successfully actioned across all businesses to ensure that we remain relevant to advertisers and audiences in the ever-changing multi-platform environment in which we operate. In Australia, ARN acquired 96FM in Perth to position the business as the number one national metropolitan radio operator. Adshel commenced the rollout of the largest digital street furniture out-of-home network in the country and ARM became the first publisher to launch digital subscriptions in regional Australia. In New Zealand, NZME was created following the integration of APN's assets into a single, digitally-focused media and entertainment business.

Reducing debt remains a key priority for the Board. Good progress was made in 2015 with leverage at 31 December 2015 of 2.74 times, down from 3.1 times immediately following the acquisition of 96FM in January.

Confidence in management team

The Board fully supports APN's management team led by Ciaran Davis as CEO. Ciaran, who was appointed CEO in August, has settled into the role very well and has a strong relationship with the Board. His strategic thinking, combined with the operating experience he gained as CEO of ARN for five years, will contribute greatly to his ability in delivering value for APN's businesses, audiences and shareholders.

Risk framework

In 2015, APN further formalised its approach to risk to ensure a consistent approach in managing the risks associated with achieving strategic and operational objectives. The enhancement of this framework also increases transparency of risk for the Board and APN management.

2016 priorities

APN has a unique and diverse portfolio of assets across different sectors and geographies. Each has its own opportunities and challenges. Our focus is to prioritise strategic investments in growth areas within the portfolio that deliver the greatest shareholder return.

"APN has a unique and diverse portfolio of assets across different sectors and geographies."

NET PROFIT

$70m

after tax before exceptional items attributable to APN shareholders

This meant looking at our position in Australian publishing. Following a thorough review of ARM and the further investment required to carry out its digital growth plans, we have decided to divest the business. We have commenced the process of divestment and will update the market as this progresses.

NZME is one of the best examples of a successful integration of traditional media assets – a model, I am sure, more media companies will need to adopt. It is, however, still early days and the benefits from the transformation of these businesses have not been fully realised. We have decided that now is not the best time to pursue an IPO for the business and we continue to evaluate a number of alternative options. Any required shareholder approvals will be sought.

Board renewal

APN's Board renewal process continues.

In November 2015, Christine Holman joined APN as a non-executive director, contributing an important part to the skills, experience and diversity on the Board.

Thank you

On behalf of the Board, I would like to express my gratitude to APN employees and shareholders for their support and belief in our vision.

Peter Cosgrove
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Ciaran Davis
Chief Executive Officer

It gives me great pleasure to write to you, our shareholders, for the first time as APN chief executive and I thank you, and the Board, for your support since commencing the role in August.

Business overview

I am pleased to report that in 2015, APN made strong progress in the continued integration, digitisation and diversification of our businesses and revenues.

ARN maintained its position as Australia's number one national metropolitan radio network, underpinned by a focus on ratings success and enhanced by the successful integration of 96FM into the KIIS brand. Strong revenue and EBITDA growth was a result of ongoing improvements to the business' commercial offering with investments made across new digital and multi-platform solutions for advertisers.

The digitisation of over 300 Adshel outdoor advertising screens in Australia and New Zealand has driven significant revenue gains for the business, positioning it for growth in the vibrant out-of-home advertising market. New product development, a focus on programmatic trading and the ongoing digitisation of the network in 2016 remain a priority as the business looks to further solidify its position as the leading street furniture operator in Australia and New Zealand.

In Hong Kong, APN restructured its outdoor business operations and, after a successful transition period that saw new management established, Cody is successfully rebuilding and has already secured a number of new contracts.

ARM launched Australia's first regional digital subscription package on a trial basis in Toowoomba in August and the success of this project led to the subsequent fast-tracking of the digital subscription rollout across all daily mastheads in October. Digital subscriptions offer ARM a new and sustainable revenue stream and when combined with strong local sales operations and stable audience numbers, positions ARM well for the future.

2015 was a transformative year for our New Zealand business – NZME. The integration process is ongoing with excellent progress made in a short time. We delivered on goals set out in the November 2014 forecast and the business today is in a stronger position to deliver on its aim of being the leading media provider in the New Zealand market.

REVENUE

$850m

1% ↑

EBITDA from continuing operations and before exceptional items was up one per cent to $166.2m

Financial results

Revenue from continuing operations was up one per cent on the corresponding 2014 period to $850.0m. EBITDA from continuing operations and before exceptional items was up one per cent to $166.2m.

Cost savings targets of $25m for the year were exceeded, with further cost initiatives identified for 2016.

The generation of operating cash flows of $78.2m was particularly pleasing, driven by strong cash conversion, even with the significant investment in APN's transformation and revenue diversification programs. Reducing debt remains a focal point for APN in 2016.

Strategy and focus

Having spent my first six months reviewing and working closely with each of the businesses, a clear priority is to focus capital allocation on those assets that can provide the greatest growth opportunities and prospects for delivering enhanced shareholder returns. Both ARN and Adshel are leaders within their growing sectors and both will benefit from investment being made to ensure positive outlooks and momentum continue.

2016 will also see our radio and outdoor assets working closer together to provide advertisers with unrivalled combination and reach. When overlaid with the creativity of APN's content marketing business, Emotive, the integration of APN's offering provides a one-stop destination for brands across radio, outdoor and online.

Strong leadership and people

APN is fortunate to have exceptionally strong leaders throughout the business who are supported by management teams and staff committed to delivering the best work they can. Working closely with myself, Jeff Howard (CFO) and Yvette Lamont (Group General Counsel), it gives me great confidence to see the dedication, creativity and drive to succeed demonstrated by all.

I would like to formally welcome Tony Kendall into the role as chief executive of ARN. He joined the business in 2015 and I look forward to working closely with him in building on ARN's success.

Adshel's CEO, Rob Atkinson, has worked hard at repositioning Adshel following the launch of the business' digital street furniture network. The results have been immediate and the business is set for an exciting year ahead under Rob's leadership.

I would also like to mention Cody's general manager, Sammy Choi, in Hong Kong who, in a short time, has rebuilt Cody into a stable and successful outdoor advertising company after a difficult start to the year.

Neil Monaghan, the CEO of ARM, has shown a strong entrepreneurial spirit in identifying new revenue opportunities for our Australian publishing business, in the face of a challenging market and continued cost management.

As you may be aware, Jane Hastings resigned as NZME's CEO in March 2016, and I would like to thank Jane for the successful job she did transforming NZME and wish her well for the future. I am delighted, however, that the business was able to internally promote Michael Boggs (from his role as NZME CFO) and wish him well as he transitions into his new role.

It would be remiss of me not to make special mention of all APN staff for the contribution they continue to make and I look forward to working with each and every one of them as we build an APN for future success. We operate in dynamic, fast-paced and exciting industries and I will work hard to ensure APN provides an environment that is challenging, stimulating and rewarding for all of our employees.

Conclusion

Finally, thank you to our shareholders for your ongoing support. Our vision for the future is set and I am committed to working with you, the Board and the APN management team to realise the Company's true potential.

Ciaran Davis
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

Financial Performance	Segment result		Exceptional items[3]		Statutory result	
AUD million	2015	2014	2015	2014	2015	2014
Revenue before finance income	850.0	843.2	–	–	850.0	843.2
Other income	8.0	6.7	5.7	7.9	13.7	14.6
Share of associates' profits	11.9	11.3	–	–	11.9	11.3
Costs	(703.7)	(697.1)	(86.1)	(75.2)	(789.8)	(772.2)
EBITDA[1]	**166.2**	**164.1**	**(80.4)**	**(67.2)**	**85.8**	**96.9**
Depreciation and amortisation	(35.3)	(33.3)	–	–	(35.3)	(33.3)
EBIT	130.9	130.8	(80.4)	(67.2)	50.5	63.5
Net interest expense	(31.7)	(36.1)	(3.3)	(4.3)	(35.1)	(40.4)
Tax	(23.2)	(11.7)	3.4	5.3	(19.8)	(6.4)
Profit/(loss) from continuing operations	**76.0**	**82.9**	**(80.4)**	**(66.2)**	**(4.4)**	**16.7**
Profit/(loss) from discontinued operations[2]	–	(0.6)	–	3.0	–	2.4
Net profit/(loss) after tax[4]	**76.0**	**82.3**	**(80.4)**	**(63.2)**	**(4.4)**	**19.1**
Profit/(loss) attributable to APN shareholders	70.2	74.7	(80.4)	(63.2)	(10.2)	11.5
Non-controlling interests	5.8	7.6	–	–	5.8	7.6
Net profit/(loss) after tax[4]	**76.0**	**82.3**	**(80.4)**	**(63.2)**	**(4.4)**	**19.1**

(1) Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items, represents the Group's total segment result.
(2) APN Outdoor and brandsExclusive were treated as discontinued operations in 2014.
(3) Refer to note 1.3 to the consolidated financial statements for further details in relation to exceptional items.
(4) Totals may not add due to rounding.

This Operating and Financial Review should be read in conjunction with the Chairman's Report and the Chief Executive Officer's Report.

Performance overview

APN News & Media Limited (APN) revenue from continuing operations was up one per cent to $850.0m from $843.2m. Earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items was also up one per cent from the corresponding period to $166.2m. The profit attributable to shareholders before exceptional items was $70.2m, compared to $74.7m in 2014, with the decline from last year primarily due to a higher tax expense. The statutory loss attributable to shareholders for the year was $10.2m, compared to a profit of $11.5m in 2014.

Cash inflows before the impact of acquisitions and disposals were $78.2m, a significant increase on 2014 despite the investment in NZME's integration and diversifying revenues during the year.

The Group results reflect the mixed performances of the underlying businesses. The Australian Radio Network (ARN) delivered another year of strong revenue growth, up 22 per cent ($40.2m) in a radio market that grew five per cent. The acquisition of Perth's 96FM in January added $18.7m of this growth. Following the launch of Adshel's digital street furniture networks in Australia and New Zealand, Adshel revenues increased substantially, exceeding market growth in New Zealand, while putting the business on par with the thriving out-of-home market in Australia. NZME, now operating as an integrated business, delivered a result in-line with the forecast provided to the market in November 2014. The Australian Regional Media (ARM) result was disappointing, particularly affected by national advertising revenues in Q4 and challenging market conditions in Northern Queensland.

The table on page 10 reconciles the Group's segment result before exceptional items to the statutory result. The exceptional items include a mix of one off gains and non-recurring costs arising during the year. The non-recurring costs include an impairment of $51m relating to ARM mastheads, costs associated with the integration of NZME and further restructuring in ARM. It also includes refinancing costs associated with the extension of the Group's finance facilities. These facilities now mature in July 2019.

A review of each of the businesses is outlined in the following pages.

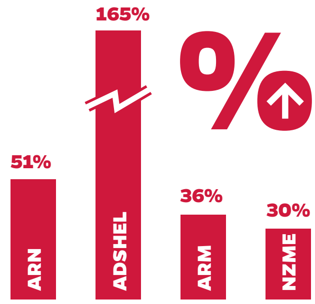
Cost management and investing in growth

In 2015, APN's businesses continued to integrate, digitise and diversify.

The Company's cost savings target of $25m, which was announced with the 2015 Half Year Results, was exceeded with additional cost savings identified for 2016. These savings were partially reinvested back into the business to support new business streams such as the launch of NZME Vision, WatchMe and CreateMe, and the launch of ARM's digital subscription program. These streams are already delivering incremental revenues.

Digital continues to be an area of focus and growth for the businesses.

Digital revenue year-on-year growth



Balance sheet and cash flow

The Group had net assets at 31 December 2015 of $462m, which is after $456m in net debt. The Group's debt facilities were refinanced during the year and the facilities now mature in July 2019. Net debt has reduced to 2.7 times EBITDA from 2.8 times in December 2014, despite funding $78m for the acquisition of 96FM in Perth. The balance sheet has been impacted by the acquisition of 96FM, capital investment in respect of the integration of NZME and an impairment of intangible assets in ARM. The parent entity's interest in the net assets decreased from $434m at 31 December 2014 to $426m.

Cash flows before the impact of acquisitions and disposals was $78.2m. This strong result reflects the Group's continued focus on cash management.

AUSTRALIAN RADIO NETWORK

OPERATING AND FINANCIAL REVIEW

#1

#1 metropolitan radio network
#1 national radio brand – KIIS
#1 and #2 FM stations in Sydney
#1 FM stations in Brisbane & Adelaide

“I’ve been impressed by the strength and expertise of ARN’s strong management team, and look forward to continuing the momentum they have built in delivering success.”

Tony Kendall
ARN CEO

In 2015, the Australian Radio Network (ARN) continued to exceed market performance as a result of investments made across the business.

Business overview

ARN is home to the national KIIS and Pure Gold networks and owns youth radio network The Edge.

The KIIS network, which targets the 25-44 year old demographic, includes KIIS 1065 Sydney, KIIS 101.1 Melbourne, 97.3 Brisbane, Mix 102.3 Adelaide and 96FM Perth.

The Pure Gold network, which targets the 40-54 demographic, consists of FM stations WS FM101.7 Sydney and Gold104.3 Melbourne and AM stations Cruise 1323 Adelaide and 4KQ Brisbane.

In Australia, ARN also operates music streaming, digital entertainment and live events brand iHeartRadio.

Investments leading to audience gains

In 2015, ARN was Australia’s number one metropolitan radio network, with KIIS Australia’s number one radio brand.

This success is driven, in a large part, by the strong talent across ARN’s breakfast and drive teams.

Investments in content and talent have contributed to the overall audience and revenue growth across the business, particularly in the Breakfast and Drive dayparts.

Kyle & Jackie O and Jonesy & Amanda have, for 16 straight surveys, dominated the number one and number two FM breakfast positions in Sydney. ARN’s Mix 102.3 and 97.3 breakfast teams in Adelaide and Brisbane also dominated in 2015. As a result, these stations lead their respective cities.

The Hughesy & Kate National Drive Show, which launched in January, achieved the number two FM position in the highly competitive daypart – a fantastic feat for the team.

ARN’s acquisition and integration of Perth’s 96FM is delivering positive results. Following the acquisition, the station was repositioned and then integrated into the KIIS network. The Hughesy & Kate National Drive Show and Kyle & Jackie O’s Hour of Power have been syndicated into 96FM from 4pm-7pm creating a national programming offering during this time. This has contributed to ARN’s Perth agency revenues increasing by 14 per cent, demonstrating that a national KIIS offering is the right strategy for the business.

Emotive, iHeartRadio and digital – diversified revenues continuing to grow

ARN is no longer operating as just a linear radio platform. We have expanded our offering in this business across digital entertainment, events and content creation.

Emotive, which was launched in February with APN as a founding partner, is a content marketing agency helping APN’s radio assets drive revenue. The business has grown considerably since inception with earnings well ahead of business plan. In addition, a campaign featuring Ricky Gervais for Optus and Netflix created by Emotive was awarded a Bronze Cannes Lion – one of the top creative awards in the world.

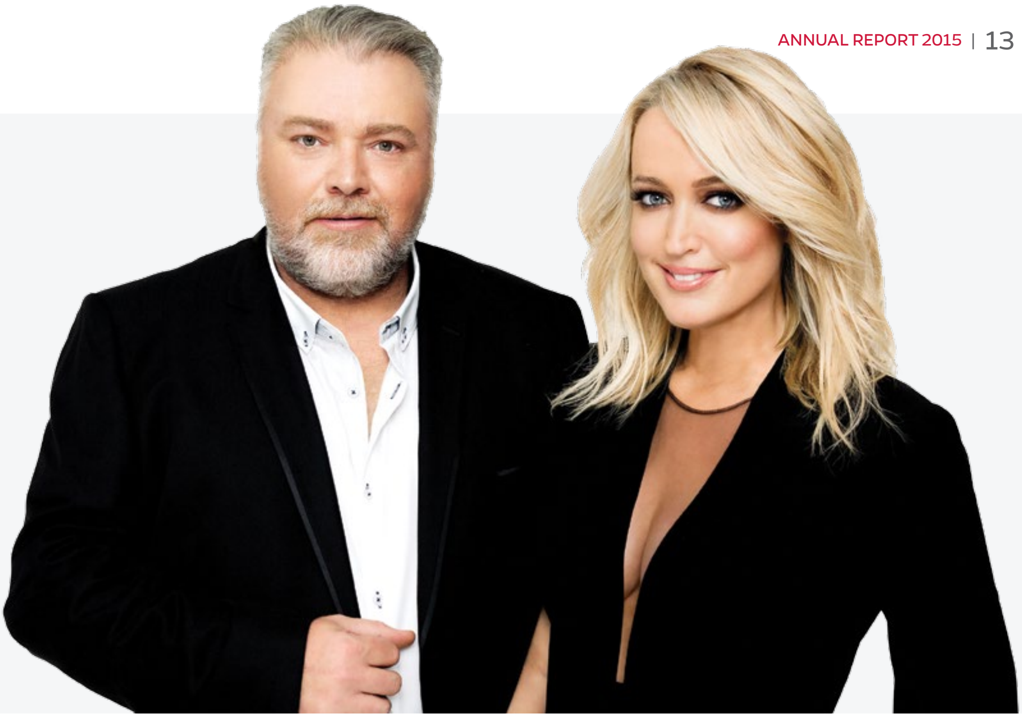


Image:
KIIS Sydney
Breakfast team:
Kyle & Jackie O

SEGMENT EBITDA

$83m
25% ↑

As a result of the business' successes, in January 2016, Emotive was announced as the official content agency partner for Optus and Virgin Mobile.

iHeartRadio is continuing to strengthen its position among under 35 year olds. In 2015, app downloads increased 53 per cent, registered users increased 52 per cent and mobile users increased 43 per cent – these all contributed to a 49 per cent increase in 2015 iHeartRadio revenue. The success of iHeartRadio has seen commercial sponsorships increase, including a partnership with Optus.

With an increased focus on growing and commercialising our digital audience in 2015, ARN saw digital audiences up year-on-year with video views up 1,421 per cent, unique visitors up 265 per cent and mobile page views up 133 per cent. As a result, ARN saw group digital revenues up 51 per cent.

These investments also contributed to overall revenue and earnings growth.

Outperforming the market

Over the last five years, ARN has consistently outperformed the market. For 2015, in an Australian radio market that grew 4.8 per cent, ARN increased revenue by 22 per cent to $221.1m and EBITDA by 25 per cent to $82.8m.

$18.7m of ARN's $40.2m in revenue growth was attributable to the acquisition of 96FM which completed in January.

AUD million	2015	% Change
Revenue	221.1	22%
Costs	(138.3)	21%
Segment EBITDA	82.8	25%

2016 and beyond

Looking ahead, ARN will continue to focus on audience and commercial growth.

Tony Kendall was appointed chief executive of the business in late 2015 and joins an exceptionally strong management team. He has an extensive commercial media background which will be invaluable in growing revenues at the business.

There is a lot of potential for ARN's Melbourne stations to grow audience and revenue share in the market. While in Sydney, ARN holds the number one and number two FM positions, KIIS 101.1 and Gold 104.3 hold the sixth and second positions in Melbourne respectively. We launched new Melbourne breakfast shows in early 2016 to improve our position. Both teams are making good progress in setting a solid audience platform for the station.

In Perth, 96FM was the number three FM station across 2015. With continued marketing investment and a strong on-air line-up, audience growth is expected over 2016. Changes made to the station resulted in a fragmentation of 96FM's older audience as part of 96FM's repositioning to complement the KIIS network and increase younger audience share.

ARN will also continue to enhance the iHeartRadio, Emotive and The Edge assets to expand into a younger audience demographic, utilising their strong digital, mobile and social reach.

ADSHEL

OPERATING AND FINANCIAL REVIEW

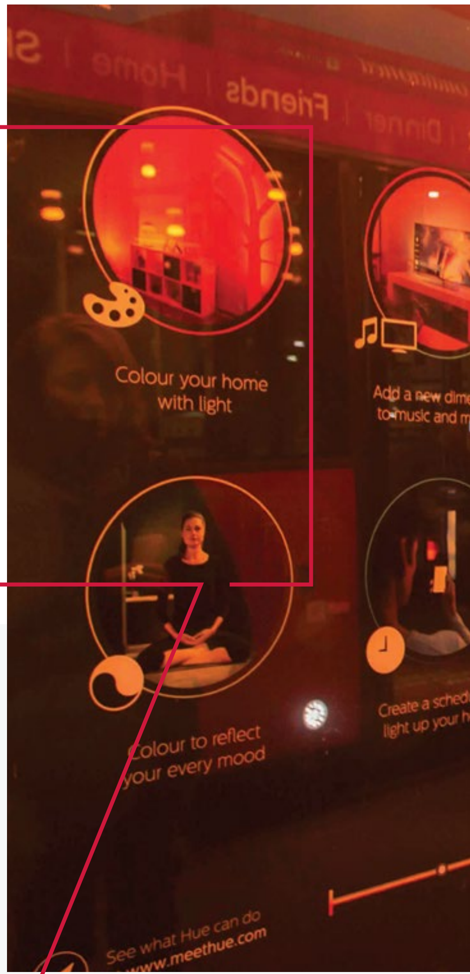


Image:
Adshel Immerse bus shelter

The launch of Adshel LIVE, Adshel's digital street furniture network, was transformative for the business, delivering significant revenue gains.

Business overview

Adshel is a leading outdoor and digital-out-of-home (DOOH) provider, offering advertising solutions that are innovative, creative, flexible and delivered at scale. The business has almost 20,000 out-of-home advertising panels across Australia and New Zealand.

Adshel is a joint venture between APN and Clear Channel International.

Performance underpinned by successful launch of Adshel LIVE digital roadside panels

In June, Adshel digitised 35 of their key advertising panels in Auckland CBD. In October, the business launched the world's largest national digital street furniture network with 270 panels across Australia.

Investment driving above market performance

The launch of Adshel LIVE has repositioned the business. Prior to the Australian launch, Adshel's growth was well behind market growth. From Q4, following the launch, Adshel's growth was on par with market. In New Zealand, where Adshel had fallen behind market growth in Q2, the launch saw growth surpass the market.

In a thriving out-of-home market, Adshel revenues were up eight per cent to $159.5m while EBITDA was up four per cent to $38.3m.

Revenues grew five per cent year-on-year from Q1 to Q3. Adshel's Q4 revenues saw a 17 per cent uplift triggered by the launch of Adshel LIVE in Australia.

In a market driven by digital expansion, Adshel static panel revenue remained steady, a solid result.

AUD million	2015	% Change
Revenue	159.5	8%
Costs	(121.2)	10%
Segment EBITDA	38.3	4%

Expansion of digital and data capabilities from 2016

Following the success of Adshel LIVE, we recently announced the expansion of the business' digital networks in Australia and New Zealand.

Adshel will be digitising an additional 115 panels in New Zealand, creating the country's largest national digital roadside network. In Australia, an additional 250 digital panels will be deployed nationally.

This means that from 2016, the Adshel LIVE digital network will have over 670 digital roadside panels across Australia and New Zealand.

"Adshel is well-positioned to continue growing revenues and share in the thriving out-of-home market, driven by digital expansion."

Rob Atkinson
ADSHEL CEO

Revenue

$159.5m
8% ↑

Continued leader in data and innovation

Adshel continues to lead the out-of-home market in data and innovation.

In 2015, the business launched the world's largest national beacons network in Australia to enhance our data and insights offering for clients. This offering was then expanded to all Adshel's New Zealand panels, creating the country's first national outdoor beacons network; and following the successful integration of Roy Morgan's Helix Personas tool in Australia, the tool will also become available across Adshel's New Zealand panels.

APN will continue to look for new ways to diversify and expand Adshel's offering and will actively pursue opportunities that allow this.

AUSTRALIAN REGIONAL MEDIA

OPERATING AND FINANCIAL REVIEW

Australian Regional Media (ARM) continues to grow their audience and strengthen their products. The business has large and loyal audiences with 87 per cent market penetration in the regions in which the business operates.

Business overview

Australian Regional Media (ARM) connects with over 1.6 million Australians every week across regional Queensland and Northern New South Wales through print, online, mobile and tablet platforms.

The business' asset base includes 12 daily newspapers, more than 60 community and non-daily publications and over 30 regional news websites.

AUD million	2015	% Change
Revenue	188.5	(7)%
Costs	(170.1)	(4)%
Segment EBITDA	18.4	(27)%

ARM revenues were down $13.6m to $188.5m year-on-year, while EBITDA was down $6.6m to $18.4m.

Local display advertising remained resilient, with revenues down just four per cent on a like-for-like basis. Revenues from non-mining markets were flat year-on-year. Real estate revenues remained strong throughout the year.

National agency revenues finished the year challenged following an accelerated drop in top 10 national advertising client advertising spend. All other revenue from national advertising clients was flat year-on-year.

ARM's 2015 cost savings target of $10m was exceeded with further initiatives targeted.

These savings have been partially reinvested back into growth revenue streams, including the launch of ARM's digital subscription program.

Growing and diversifying audiences and revenues

ARM's audience growth is driven by increased digital audiences. Total online audiences grew 20 per cent year-on-year, mobile audiences grew 43 per cent year-on-year and social audiences grew 20 per cent year-on-year. This contributed to overall digital revenue growth of 36 per cent.

In addition, new revenue streams including ARM's trade referral partnership with ServiceCentral, digital marketing services and content marketing are increasingly delivering revenue for the business.

"Regional consumers continue to choose ARM as their source for the latest news and information as reflected by our continued audience growth."

Neil Monaghan
ARM CEO

ONLINE AUDIENCE GROWTH

20%

Year-on-year

Australia's first regional digital subscription program

In August, ARM launched Australia's first regional digital subscription program at *The Toowoomba Chronicle*. The package includes access to ARM's digital products as well as full digital access to a metropolitan news brand, *The Washington Post* and streaming video-on-demand service Presto.

The launch exceeded expectations and ARM fast-tracked the digital subscription rollout across the rest of our daily newspapers in October. Sign-ups are tracking to plan and through increased marketing and continued investment, we anticipate that digital subscriptions will generate an increasingly significant contribution to ARM's transforming business model.

APN's strategic position in ARM

APN has been a long-time supporter of regional publishing in Australia and remains encouraged by the progress the business continues to make, particularly with the digital strategy. However, APN recognises that further investments must remain focused on growth assets and opportunities and has therefore commenced a process to divest ARM.

New ownership will provide ARM the flexibility it needs to continue its digital diversification while continuing to provide quality news and content to audiences.

NZME.

OPERATING AND FINANCIAL REVIEW

Image:
NZME Central in Auckland

> **Over the past 18 months, the NZME team has worked hard to bring together the best of its multi-platform suite of products creating a powerful audience and advertiser proposition.”**

Michael Boggs
INCOMING NZME CEO

NZME is one of New Zealand's premier media and entertainment businesses, home to some of the country's leading publishing, radio and digital brands.

Business overview

NZME is New Zealand Media & Entertainment.

NZME brands connect with 3.1 million New Zealanders across their multi-platform suite of publishing, radio and digital assets. In addition, NZME offers specialised events and experiential services for advertisers.

NZME transformation on track

NZME achieved a significant amount in 2015, delivering on the transformation goals set in November 2014. Critically, it delivered on the EBITDA forecast set at the time. The business has also delivered digital growth and new revenue streams in excess of forecast.

In 2015, NZME launched its world-class integrated newsroom and merged commercial teams bringing together expertise and capabilities from the publishing, radio and digital teams. This is delivering increased audience growth and commercial opportunities.

NZME exceeded the cost savings target of NZ$18m announced in August with over NZ$20m secured. A further NZ$10m in cost savings has been identified for delivery in 2016.

Reinvestment and new revenue activity

Savings from NZME's cost program were partially reinvested back into the business to support the launch of new revenue streams including:

- NZME Vision, a broadcast production studio;
- WatchMe, a streaming video-on-demand service; and
- CreateMe, a commercial content division specialising in creating unique advertising content solutions.

In addition, there has been an increased focus on digital and video initiatives. Group digital audience grew 7.4 per cent year-on-year to almost 1.7 million people while video audience has increased 58 per cent.

NZME result encouraging in a declining publishing and radio market

NZD million	2015	% Change
Revenue	433.0	(3)%
Costs	(358.1)	(2)%
Segment EBITDA	74.9	(8)%

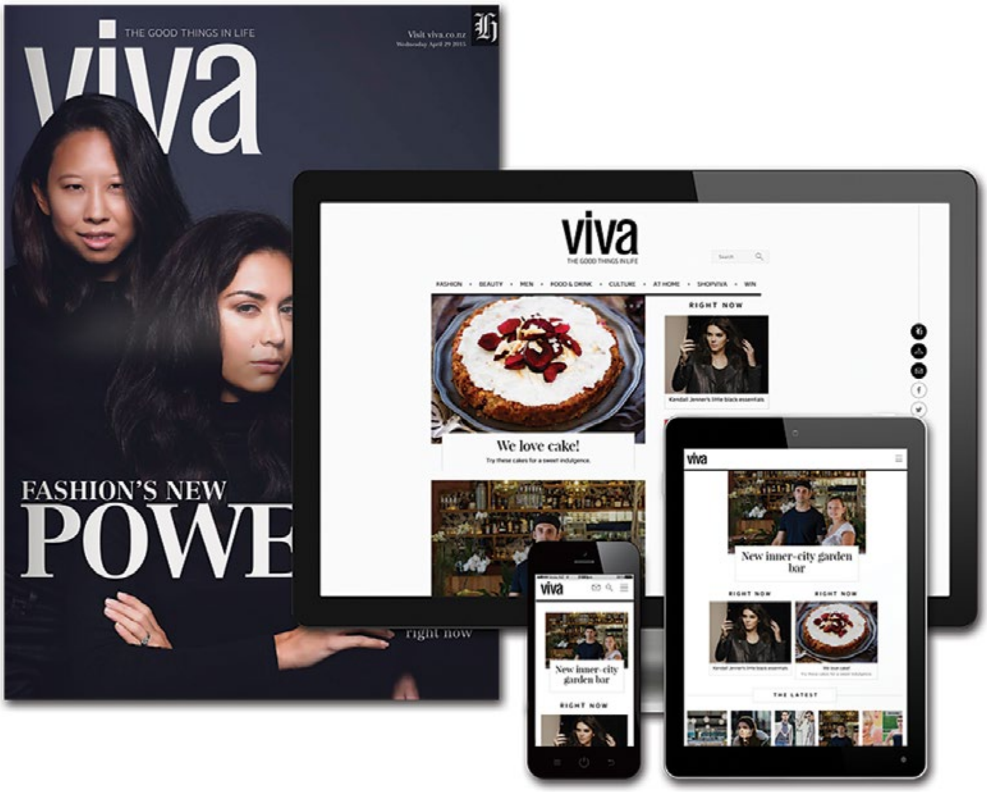
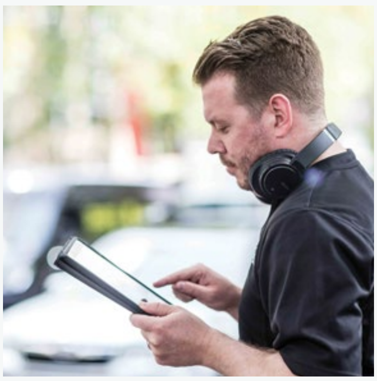


Image:
Viva multi-platform offering

SEGMENT EBITDA

$75m



Amidst a soft New Zealand economy and tough advertising market, overall NZME revenues were down three per cent to NZ$433m.

While down eight per cent, EBITDA of NZ$74.9m is in line with the November 2014 forecast.

NZME Publishing experienced a solid year with performance reflecting the benefits of integration and the print and distribution alliance with Fairfax Media. Revenues were down one per cent to NZ$295.4m.

New publishing revenue streams and integration substantially offset declines in print advertising revenues and audiences.

The New Zealand Herald continues to be the country's most read news brand, with an audience of nearly two million. The masthead's achievements were recognised when it was named Newspaper of the Year at the Trans-Tasman PANPA Newspaper of the Year awards.

In September, *The New Zealand Herald* launched a digital registrations program and has since secured 390,000 registrations. This, added to the wealth of data across the business, is starting to be commercialised.

NZME Radio operated in a disruptive market throughout 2015 which affected overall performance. Changes have been made to rectify the challenges and a better performance is expected this year.

Revenues were down five per cent to NZ$120.2m.

The most recent year-on-year radio survey showed that NZME Radio audiences in the key 25-54 demographic increased. In addition, Newstalk ZB remained the leading radio station in the country with ZM now number one among 18-39 year olds.

Key events are driving iHeartRadio registrations and revenue. Registrations are up 58 per cent year-on-year, while events revenue doubled.

2016 focus

In 2016, NZME will continue on the path to operate as a fully integrated media company.

There will be continued digital inventory innovation and monetisation through mobile, video and partnerships. The business will continue to look at ways to monetise and expand its large database. Digital classifieds will roll out in 2016, starting with Motoring in Q2.

NZME will continue to explore new partnership ventures and continue to position the business as the leading media and entertainment business in New Zealand.

HONG KONG OUTDOOR

OPERATING AND FINANCIAL REVIEW

"I am encouraged by the progress in rebuilding Cody to be one of Hong Kong's leading out-of-home operators."

Sammy Choi
Cody General Manager

APN's Hong Kong business is rebuilding with positive signs of progress.

Business overview

APN's Hong Kong business was unsuccessful in retaining its bus body contract in H1 which saw the business cease managing the advertising on Hong Kong Island buses from H2.

The Cody out-of-home business became the main focus for the team and has since increased the business' billboard presence to over 600 outdoor panels while maintaining Buzplay multimedia installations across 1200 buses.

Hong Kong Outdoor

AUD million	2015	% Change
Revenue	37.9	(24)%
Costs	(37.5)	(17)%
Segment EBITDA	0.4	(91)%

Image:
Western Harbour Tunnel

LARGE FORMAT OUTDOOR PANELS

600

BUZPLAY MULTIMEDIA

1200

Buses

Hong Kong Outdoor results affected by loss of bus body contract

APN's Hong Kong business experienced a soft start to the year due to changes in the Chinese Government's social gifting policy, flow-on effects from Occupy Central in late 2014 and the transition out of the bus body contract which expired on 30 June 2015.

In H2, APN refocused the business on the Cody out-of-home operations.

This included installing a new management team and diversifying Cody's offering focusing on four key pillars:

- **Cody Content** delivering enhanced TV and content production;
- **Cody Transit** managing taxi advertising;
- **Cody Ambient** offering experiential advertising solutions; and
- **Cody Roadside** continuing the business' specialty in billboard advertising.

Cody's trading rebounded in the second half of the year. Revenues were up five per cent on prior year, with the business securing a number of key contracts including Hung Hing Road, Star Ferry and Tai Lam Tunnel.

Earlier in 2016, Cody secured the advertising rights for Hong Kong's Western Harbour Tunnel for an additional seven years. This includes the opportunity to transform one of the sites into the country's first digital out-of-home advertising billboard in a tunnel environment. The presence of this billboard will enable the tunnel operator to communicate accident or traffic messages live.

APN is committed to rebuilding Cody and has confidence in the management team to deliver growth and opportunities for the business.

CORPORATE SOCIAL RESPONSIBILITY

APN is proud to have a genuine connection to the communities it serves. APN's businesses support their communities through a variety of sponsorships, editorial campaigns and community and funding initiatives.

$2m

WORTH OF COMMUNITY ENGAGEMENT ADVERTISING SPACE

ARM

Community

Utilising assets to support community initiatives

Through our powerful and influential asset base, APN's businesses provide strong platforms for cause-driven organisations to increase awareness in their quest for growth and community support.

ARN's radio stations created and delivered community service announcements (CSAs) to a number of charities using the business' wide reach to share community-related messages to the masses. Organisations who benefited from these included The Salvation Army, the Starlight Children's Foundation, Mission Australia and Kids Alive.

In Hong Kong, APN's businesses continued to provide support for non-government organisations and charities through its network of buses and billboards. This support included providing special advertising rates, creative production and in-bus media airtime for organisations including UNICEF, Mother's Choice, Plan and Hong Kong Red Cross.

NZME also supported a number of charitable organisations at a national and local level with an extensive marketing partnerships program, spanning arts, sport, culture, health and youth sectors. NZME brands supported the Halberg Sports Awards, the NZ Symphony Orchestra, the Auckland Rescue Helicopter Trust and The Starship Foundation. 2015 also saw the second year of the Pride of New Zealand Awards which gave the public the opportunity to nominate and celebrate ordinary people who, through their actions, are helping to build a better New Zealand.

Across its network of newspapers and websites, ARM provided over $2m worth of community engagement advertising space to charities and community organisations such as the Red Cross, Stroke Foundation, Fred Hollows Foundation, RSPCA and Surf Life Saving Australia.

Adshel and ARN also continued their support for the Sydney Children's Hospital Foundation's Gold Telethon which saw the businesses donate significant media space and airtime promoting the telethon and thanking donors. In addition, WSFM's Jonesy & Amanda broadcasted live from the Telethon and ran an 'In a JAM' on-air story arc culminating in a $10,000 auction to buy two 'Gold parking spots for a year' where parents could park for free in the hospital carpark, alleviating what is usually an expensive concern.

Editorial initiatives

As a diverse, wide-reaching and influential media company, APN's publishing businesses NZME and ARM understand there is a responsibility to champion worthy causes and facilitate community conversations about the topics that matter to their audiences.

NZME utilises its wide reach across New Zealand to support communities through a number of initiatives. An example of this was its ANZAC100 project which was created to engage audiences and mark the centenary of the Gallipoli landings. The in-depth integrated campaign utilised print, digital and live coverage from commemorative events in both Turkey and Auckland and raised NZ$65,000 for the Royal New Zealand Returned and Services' Association.

CASE STUDIES

SecondBite

Community food organisation, SecondBite came second in the Adshel Annual Christmas Challenge, winning the right to use 250 panels nationally to promote its cause. SecondBite provides access to fresh, nutritious food for people in need across Australia through the redistribution of surplus fresh food to community food programs. Food is donated by farmers, wholesalers, markets, supermarkets, caterers and events. Adshel provided SecondBite with an opportunity to raise awareness of their important socially and environmentally-focused charity organisation.

The Forgotten Millions

The New Zealand Herald created an editorial campaign called The Forgotten Millions, telling heart breaking stories from the Syrian Refugee Crisis throughout the year. This coordinated approach across print, digital and video platforms demonstrated the strength of the brand in long format digital story telling. Donation payment systems were established, and through the power of NZME's multimedia platforms, the campaign helped to raise more than NZ$2.5m for World Vision.

The powerful role our brands play in local communities was again evident after the devastating floods that hit Wanganui in June. On Saturday, 20 June, one month's worth of rain fell on the town within 24 hours. The team at *Wanganui Chronicle* responded with a special flood publication, which was sold throughout the North Island region. Proceeds alongside cash donations from partners and advertisers totalled NZ$20,000 to the local Mayoral Relief Fund.

ARM's leadership in community-related campaigns continued in 2015 with the 'One Punch Can Kill' editorial initiative – a campaign that aimed to make streets safer. ARM newspapers and websites increased their focus on the causes and impacts of coward punches, how they affect communities and what to do if someone has been the victim of – or the perpetrator of – a violent attack. The campaign also encouraged readers to make a pledge to not participate in street violence and to report any incidences of violence that they witness. The pledge was supported by a #HandsOff social media promise.

Raising and donating funds

APN's reach and influence allow the Company to successfully raise awareness of not-for-profit organisations and encourage audiences to contribute time and resources to a number of worthy causes.

NZME began utilising the GrabOne platform, which attracts huge daily digital audiences, to promote cause-related and emergency relief fundraising initiatives. Over the year, the platform raised over NZ$25,000 from online donations.

APN's businesses provide strong platforms for cause-driven organisations to increase awareness.

ARN gave away airtime packages at charity auctions to help raise money and awareness for charitable causes. Approximately $100,000 was raised for organisations such as Ronald McDonald House, New Horizons, The Children's Hospital at Westmead and Blue Sky Foundation.

Cody participated in Hong Kong's mid-Autumn Festival in September, using it as an opportunity to celebrate with customers and associates while contributing funds to a social cause. Instead of sending Moon Cakes, a popular traditional delicacy for this celebration, Cody designed and sent e-greetings along with a donation of HK$100 each to the Children's Cancer Foundation on the recipient's behalf. Hundreds of e-greetings were shared for this fundraising project to bring happiness and hope to children in need.

ARM also continued its long running Adopt-a-Family Christmas Appeal which has, for over 20 years, encouraged communities to contribute to Christmas hampers that are then donated to local families facing adversity over the Christmas season.

Each year, every Adshel employee is given the opportunity to donate to a charity of their choice, and in 2015 donations from Adshel staff totalled $28,250 to not-for-profit organisations across Australia and New Zealand.

People

Employee engagement initiatives

APN understands that engaged employees are integral to the performance of the individual businesses and the Company as a whole, and therefore promotes workplaces that are inclusive, safe, rewarding and motivating.

NZME employees regularly appear and participate in a multitude of events including local fun runs, the Sky Tower Stair Challenge which raises money for Leukaemia & Blood Cancer NZ, and regional Relay for Life events which raise money for the Cancer Society, all while providing employees with the opportunity to interact outside of the workplace.

Adshel employees are offered one Wellness Day per year, which provides them with an opportunity to take an extra day to do something that enhances their wellbeing. Adshel also has an Employee Assistance Program (EAP) in which all employees are provided with access to short-term, solution-focused counselling and can be utilised for personal and work-related issues, to address challenges or to proactively improve wellbeing. The services are delivered by qualified, independent psychologists, funded by Adshel at no cost to employees and are completely confidential.

ARN has a strong employment culture which is driven from its refreshed Employee Value proposition that was developed in consultation with its people and is ingrained in everything they do. In 2015, ARN saw its first year of Holiday Club – an incentive that provides a bonus week of leave to all eligible staff. ARN also continues its EAP, a free confidential counselling service for all staff and immediate family members which is now in its fourth year.

Employees personally giving back

APN continues to provide opportunities for employees to participate in community initiatives.

A running annual tradition that continued into 2015 saw Adshel employees awarded with one day off to volunteer for a charity of their choice. Participation was encouraged through the co-ordination of office-wide Adshel Charity Days, which saw staff volunteering at the Variety Club Christmas Party or the RSPCA, or helping with a community garden scheme.

Similarly, NZME continues to support and encourage staff to contribute to worthy causes. An example of this is the Print Operations team receiving paid volunteer days to participate in charitable street collections for Auckland City Mission and Hospice.

NZME CENTRAL

5

GREEN STAR CERTIFIED

Environment

Environmental initiatives

APN understands that there is a responsibility to both demonstrate and advocate for environmental stewardship across its businesses. APN seeks to identify and implement best practice environmental initiatives in conjunction with utilising assets to provide greater public awareness around environmental issues.

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

APN's publishing businesses, ARM and NZME, have adopted environmental practices, including printing on paper that is made from recycled fibre or fibre sourced from sustainably managed forests. They also operate their manufacturing facilities in accordance with best practice regarding waste recycling.

Adshel continues to invest and explore new ways to minimise energy consumption and to reuse and recycle all by-products into useful resources. Adshel's environmental management system is measured and is certified against ISO 14001:2015 for Environmental Management Systems. In 2015, Adshel completed the final stage of a three year national sustainability and efficiency project in relation to the introduction and rollout of the ionic cleaning system. The national implementation of this system sees Adshel utilise deionised and purified water in conjunction with a low pressure cleaning system. The environmental benefits of this system include: the elimination for the need and use of cleaning detergents, significant national reduction in water consumption achieved by replacement of high pressure for low pressure water cleaning and minimal water runoff.

NZME's newly-built head office in Auckland, NZME Central, has achieved 5 Green Star Design Certification due to its environmentally sustainable design and construction. The building features plenty of natural lighting, substantial energy conservation measures, extensive cyclists' facilities, reduced waste initiatives and office layouts designed for exercise and social interaction.

Earth Hour is a global event organised by WWF, and for another consecutive year Cody showed support by turning off the lights across some of its billboard sites.

SENIOR MANAGEMENT TEAM

Ciaran Davis

Chief Executive Officer, APN News & Media

Ciaran Davis is the chief executive officer of APN News & Media. He was promoted to the position in August 2015 from his role as CEO of Australian Radio Network (ARN). Ciaran spent five years at ARN repositioning the business to become the number one metropolitan radio operator in Australia. Responsible for the recruitment of leading talent to the network and strategic investments such as 96FM, Emotive and iHeartRadio, Ciaran established a new management team and drove a culture of ambition and success throughout the business. Ciaran joined ARN as CEO in January 2010 from Communicorp Group Ltd in Ireland, where he spent 10 years working in executive leadership roles with the group's radio and media interests in Europe and the Middle East. His positions included Commercial Director (2007 to 2010), Chief Executive Officer for 98FM, Dublin (2003 to 2007) and Marketing Director for 98FM (2000 to 2003). Ciaran is also the Chairman of content marketing agency Emotive and a Director of Commercial Radio Australia, The Australian Ireland Fund, Adshel and Soprano Design.

Jeff Howard

Chief Financial Officer, APN News & Media

Jeff Howard joined APN News & Media in 2010 and was appointed Chief Financial Officer in December 2012. Jeff spent more than nine years with ABN AMRO and RBS in corporate lending and broader relationship banking roles that included a focus on the telecommunications and media sectors. Prior to this, Jeff was with KPMG where he spent nearly 10 years in audit and project roles, including a secondment to KPMG's Philadelphia practice. Jeff completed his Executive MBA with the Australian Graduate School of Management in 2005 and is a Chartered Accountant. Jeff is a Director of Soprano Design, AussieCommerce and Adshel.

Yvette Lamont

Group General Counsel and Company Secretary, APN News & Media

Yvette Lamont has been Group General Counsel and Company Secretary of APN News & Media since 1998. She was previously General Counsel of pay television company Australis Media Limited (Galaxy), a Senior Associate with law firm Allens (in the Media and Technology Group) and a solicitor with boutique law firm Boyd, House & Partners specialising in media law. Yvette is a Member of the Media and Communications Committee of the Law Council of Australia, has completed the Company Meetings and Company Secretarial Practice courses with the Chartered Institute of Company Secretaries in Australia (now Governance Institute of Australia) and is a Graduate of the Australian Institute of Company Directors. She was admitted as a solicitor to the Supreme Court of New South Wales in 1987 and the High Court of Australia in 1988.

Tony Kendall

Chief Executive Officer, ARN

Tony Kendall commenced his role as Chief Executive Officer of the Australian Radio Network (ARN) in December 2015. Tony joined ARN from Bauer Media where he spent almost three years as director of sales. He joined Bauer in early 2013 from News Corp Australia where he spent over 23 years in senior commercial management roles across Melbourne, Sydney and New York, including a year as the CEO of the Australian magazine division.

Rob Atkinson

Chief Executive Officer, Adshel

Rob Atkinson joined Adshel as Chief Executive Officer in November 2011, having previously held the position of Chief Operating Officer of Clear Channel UK. Rob originally joined Clear Channel as Sales Director in 2005, before being promoted to Group Sales Director and then Managing Director in the same year (2008). Prior to joining Clear Channel, Rob held various senior sales roles at Associated Newspapers in both London and Dublin and won the prestigious Campaign Magazine UK Sales Leader of the Year in 2009. As Chief Executive at Adshel, Rob pioneered the launch of the world's first national digital street furniture network, as well as the biggest national deployment of beacons in the world.

Michael Boggs

Chief Executive Officer, NZME. (from 8 April 2016)

Michael Boggs was appointed CEO of NZME in March 2016. In his previous role as CFO of NZME Michael was integral in developing the strategy to grow NZME's presence in New Zealand particularly in the areas of digital, video and events whilst upholding the Company's traditional brands including *The New Zealand Herald* and Newstalk ZB. Michael joined NZME from TOWER Limited where he successfully managed TOWER's multibillion dollar assets, TOWER's Pacific Islands operations, TOWER's earthquake recovery programme and TOWER's life insurance, health insurance and investment management businesses. Prior to TOWER, Michael held executive roles in leading finance, commercial and business functions in major telecommunications and technology organizations including Telstra Clear and previously Clear Communications. In 2014 Michael was awarded CFO of the year at the annual New Zealand CFO Awards.

Neil Monaghan

Chief Executive Officer, Australian Regional Media

Neil Monaghan was appointed as Chief Executive Officer of Australian Regional Media in April 2013 after more than 25 years' experience working in procurement and operations across various industries including media, mining and construction. Neil originally joined APN in 2001 as Group Procurement Director and in 2004 was seconded to Dublin to work for Independent News & Media PLC as Head of Global Procurement. After returning to APN in 2008, Neil left in 2009 to consult to the mining industry on projects in Australia and the Middle East, before returning to APN in 2010 as Group Operations & Procurement Director. Neil has a Master of Applied Law from The University of Queensland and is currently a Director of The Newspaper Works.

BOARD OF DIRECTORS

Peter Cosgrove

Chairman

Peter Cosgrove has been an APN Board Member since December 2003. He is the founder of the Buspak group of companies in Australia, New Zealand and Hong Kong and has more than 20 years' experience in the publishing, broadcasting and outdoor advertising industries. Mr Cosgrove is a non-executive Chairman of Buspak Hong Kong (since June 2003) and non-executive Deputy Chairman of Clear Media Limited (Director since April 2001), which is listed on the Stock Exchange of Hong Kong. He was previously Chairman of GlobeCast Australia Pty Limited (June 2002 to June 2015), a broadcasting company based in Sydney.

Responsibilities: Non-Executive Director, Chairman of the Board of Directors, Chair of Nomination Committee, Allotment Committee and Options Committee.

Ted Harris AC

Deputy Chairman

FinstD, FAIM, FAICD

Ted Harris has been an APN Board Member since March 1992 and Deputy Chairman since December 1994. He was Managing Director and Chief Executive Officer of the Ampol Group (1977 to 1987) and was previously Chairman of Australian Airlines, British Aerospace Australia, Australian National Industries, Thakral Holdings and Gazal Corporation and Deputy Chairman of Metcash Limited. Mr Harris is President of St Vincent's Clinic Foundation, as well as Life Governor of the Melanoma Foundation and a Life Member of the Australian Sports Commission. He was Chairman of the Zoological Parks Board of New South Wales (1973 to 1990) and Chairman of the Australian Sports Commission and Institute of Sport (1984 – 1994). Mr Harris started his career as a broadcaster and journalist with Macquarie Broadcasting Service and is a former Commissioner of the ABC. He was Trustee for the Walkley Awards (1976 to 1980). He was inducted into the Sport Australia Hall of Fame in 2013. He is a recipient of the Queen's Silver Jubilee Medal.

Responsibilities: Non-Executive Director, Deputy Chairman, Member of Nomination and Audit & Risk Committees.

Anne Templeman-Jones

Non-Executive Director

BComm (UWA), ACA, EMBA (UNSW), Masters in Risk Management (UNSW).

Anne Templeman-Jones was appointed to the APN Board in June 2013 and brings extensive executive and Non-Executive Director expertise in strategy, banking, finance, risk management and governance. Anne currently serves as the Independent Chair of the Wealth and Advice Subsidiary Boards of the Commonwealth Bank of Australia and as a Non-Executive Director of GUD Holdings Limited, Cuscal Limited, Pioneer Credit Limited and Notre Dame University. Between 1995 and 2015, Anne served as a Non-Executive Director of HBF Health Limited, HBF General Insurance Limited, The McCusker Foundation for Alzheimer's Research and the Travel Compensation Fund. During these tenures, Ms Templeman-Jones held various committees roles Chairing Audit and Risk, Remuneration and Governance. Her executive career up until 2013 included a number of senior executive positions at Westpac, including Director of Corporate and Institutional Banking, Director Group Risk Reward, Head of Strategy and Governance for Pacific Banking and Head of Private Bank (NSW). She previously held senior executive positions in Switzerland, Belgium, Perth and Sydney with AIESEC International, PricewaterhouseCoopers, the Bank of Singapore, the Bank of New Zealand and Australia and New Zealand (ANZ) Banking Group. Ms Templeman-Jones is a Fellow of the Australian Institute of Company Directors and a member of the Australian Institute of Chartered Accountants.

Responsibilities: Non-Executive Director, Chair of Audit & Risk Committee, Member of Audit and Risk and Remuneration Committees.

Paul Connolly

Non-Executive Director

BComm, FCA

Paul Connolly was appointed to the APN Board in October 2012. Mr Connolly has 25 years' experience advising on mergers and acquisitions, takeovers, disposals, fundraisings and initial public offerings. Since 1991, Mr Connolly has been Chairman of Connolly Capital Limited, a Dublin-based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited (Esat Telecom), an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited, a Caribbean-based telecommunications company. In addition, he was a Director of Melita plc from 2007 through 2016. From 1987 through 1991, Mr Connolly held the position of Financial Controller of Hibernia Meats Limited and prior to that he worked with KPMG as an accountant. Mr Connolly holds a Bachelor of Commerce degree from University College Dublin, Ireland and he is a Fellow of Chartered Accountants Ireland and a member of Executive Summit at Stanford Graduate School of Business. Currently, Mr Connolly serves on the Boards of Communicorp Group and Independent News & Media PLC and he is Chairman of Tetrarch Capital Limited, the private Irish media group Business & Finance and also UNICEF Ireland. In October 2010, he was invited to become an external Senior Advisor to Credit Suisse.

Responsibilities: Non-Executive Director, Member of Remuneration and Nomination Committees.

Peter Cullinane

Non-Executive Director

MBA, MMgt

Peter Cullinane was appointed to the APN Board in November 2013. As the former Chief Operating Officer of Saatchi & Saatchi Worldwide (1998 to 2002) as well as the company's Chief Executive, New Zealand and Chairman, Australasia for over eight years prior, he is a respected force in global advertising and marketing who brings extensive industry knowledge, as well as expertise in Australasian and global markets, to the Board. Based in Auckland, Mr Cullinane is currently the founder and Chairman of Lewis Road Creamery Limited, a fast growing, dairy-based packaged goods business. He is a Director of STW Communications Group (since 2010) and a retired Director of SKYCITY Entertainment Group (2008-2015), where he was Chairman of the Corporate and Social Responsibility Committee and a member of the Governance and Nominations Committee.

Responsibilities: Non-Executive Director, Chair of Remuneration Committee, Member of Remuneration Committee.

Sir John Anderson

Non-Executive Director

FCA, FinstD

Sir John Anderson joined the APN Board in March 2015. Formerly the Chief Executive Officer of the ANZ National Bank, Sir John is currently Chairman of NPT Limited (since April 2011) and Steel & Tube Holdings Limited (since October 2012), Deputy Chairman of Turners & Growers Limited (since December 2012) and a Director of the Commonwealth Bank of Australia (since April 2007). In 2012, Sir John was awarded an Honorary Doctorate of Commerce by Victoria University, Wellington. Sir John is a Fellow of the New Zealand Institute of Chartered Accountants, Fellow of the Institute of Financial Professionals New Zealand and Fellow of the Institute of Directors and a Life Member of the Australian Institute of Banking and Finance.

Responsibilities: Non-Executive Director, Member of Audit & Risk Committee (from 6 May 2015).

Christine Holman

Non-Executive Director

MBA, GAICD

Christine Holman was appointed to the APN Board in November 2015 and brings a strong understanding of digital media and technology.

She is currently the Commercial Director at Telstra Broadcast Services (until 30 March 2016) and sits on their Executive and Remuneration Committees (until 30 March 2016).

Prior to her role at Telstra Broadcast Services, Christine was the Chief Financial Officer and Commercial Director of Globecast Australia, a joint venture between Orange SA (previously France Telecom) and Australian shareholders, before being acquired by Telstra in June 2015.

Christine spent seven years at Capital Investment Group assisting management and the Board of investee companies on strategy, business development and mergers and acquisitions. She has an MBA from Macquarie University, Post Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors' Company Directors Course.

Responsibilities: Non-Executive Director, Member of Audit & Risk Committee (from 15 December 2015).

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CORPORATE GOVERNANCE STATEMENT

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

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

The Company has considered the best practice recommendations established by the ASX Corporate Governance Council "Corporate Governance Principles and Recommendations (3rd Edition)" in effect during the reporting period (Recommendations) and has complied with those Recommendations for the entire reporting period.

In addition, a description of the Company's main corporate governance practices and policies is set out below. This Corporate Governance Statement, together with the policies and charters referred to in it, are also available on the Company's website, www.apn.com.au.

BOARD OF DIRECTORS

Board responsibilities

The Board is responsible for overseeing the long-term profitable growth of the Company. This is achieved through a process of regular reviews of strategy, operations and areas of risk.

The Board sets overall corporate policy and provides guidance for the Executive Key Management Personnel (as defined in the Remuneration Report on page 44 of this Annual Report) (Executive KMP) and oversight of policy execution.

The responsibilities of the Board are to:

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

Responsibility for the day-to-day operations of the Company is usually conferred on the Chief Executive who reports to the Board and provides the Board with information in relation to the conduct of the business of the Company. The Chief Executive exercises this responsibility in accordance with Board-approved annual operating budgets and reports to the Board at regular Board meetings. In addition, the Company's Executive KMP meet regularly to examine the performance of the Company compared to Board-approved operating budgets and policies. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Term of office

The Constitution of the Company currently specifies that there shall be a minimum of three Directors and a maximum of nine or such other number as determined by the Board from time to time by ordinary resolution.

The Constitution of the Company specifies that an election of Directors must be held at each Annual General Meeting.

A Director (other than any Managing Director) must retire from office at the third Annual General Meeting after being elected or last re-elected and is eligible for re-election. If no Director is required to retire at an Annual General Meeting, then the Director with the longest period in office since being elected or last being re-elected must retire and is eligible for re-election at the Annual General Meeting.

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

The Company provides all material information which shareholders require to decide how to vote on the resolution to elect or re-elect a Director in its Notice of Meeting and Annual Report.

Composition and qualifications

During the reporting period, the Board consisted of up to seven members, all being non-executive Directors. Peter Cosgrove was the Chairman.

During the reporting period, one non-executive Director retired on 6 May 2015 and two non-executive Directors were appointed (one on 26 March 2015 and one on 16 November 2015).

Details of the names, qualifications, tenure, skills, experience and Board Committee memberships of the Directors and meeting attendances of Directors during the reporting period appear on pages 28, 29 and 40 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Board skills matrix

The Board believes it is important to ensure a strong mix of skills, experience and diversity on the Board to support the business' future growth. During the reporting period, the Company engaged external advisors to identify qualities which would enhance the make-up of the Board to help deliver the Company's long-term strategy. As a result, Christine Holman was appointed as a Director, enhancing the Board's skill set in the area of digital media and technology as well as increasing the gender diversity of the Board.

The Directors provide the experience and skills set out in this skills matrix:

- business and operations expertise (across a range of industries);
- management;
- media specific expertise;
- advertising and marketing;
- digital media and technology;
- accounting and finance; and
- risk management and governance.

The Board will continue to assess its composition to ensure a strong balance of skills, experience and diversity.

The Company's Director induction process includes receiving an induction pack (setting out their responsibilities, confidentiality obligations, insurance coverage, and disclosure obligations under Australian and New Zealand law); briefings from the Chairman and certain Executive KMP regarding the Company's business, strategy, financial position and corporate governance policies; meeting with other Directors; and visits to specific Company operations.

Directors attend external education seminars, including on topical industry trends and issues. In addition, the Company arranges presentations to the Board from key executives from the Company's divisions to update the Board on business activities, key issues and strategy.

BOARD PROCEDURE

The Board meets formally on a regular basis. From time to time, meetings are held at the offices of divisional operations, enabling Directors to obtain increased knowledge of individual Company operations.

MEETING AGENDAS

Meeting agendas are usually settled by the Chairman with input from the Chief Executive to ensure adequate coverage of financial, strategic and major risk areas throughout the financial year. Directors add items to the agenda. At each Board meeting, there is time set aside for Directors to meet without management present.

INDEPENDENT ADVICE

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

INDEPENDENCE OF DIRECTORS

During the reporting period, a majority of the Board were independent Directors.

In terms of assessing independence, Directors are considered to meet the threshold for independence if they are free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, in a material respect their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Group and its security holders generally. Rather than applying materiality thresholds, materiality is assessed on a case-by-case basis.

In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, and the independence of Directors who may have held office for some time, is considered on a case by case basis.

In relation to the reporting period, the following non-executive Directors were considered by the Board to be independent:

- Peter Cosgrove (Chairman);
- Ted Harris (Deputy Chairman);
- Anne Templeman-Jones;
- Peter Cullinane;
- Sir John Anderson (appointed 26 March 2015);
- Christine Holman (appointed 16 November 2015); and
- Paul Connolly (from 22 May 2015 he was considered to be an independent Director as Independent News & Media PLC ceased to be a substantial shareholder of the Company).

In relation to part of the reporting period, the following Directors were affiliated with Independent News & Media PLC:

- Vincent Crowley (resigned on 6 May 2015); and
- Paul Connolly (prior to 22 May 2015).

PERFORMANCE EVALUATION

From time to time, including during the reporting period, the operation of the Board, its Committees and individual Directors and their performance are discussed and, where appropriate, measures are taken to enhance their effectiveness. The Company uses various methods to evaluate performance including interviews with Directors. External advisors are also engaged to provide advice from time to time.

AGREEMENTS WITH DIRECTORS AND EXECUTIVE KEY MANAGEMENT PERSONNEL

Directors are provided with written agreements setting out their responsibilities, confidentiality obligations, insurance coverage, and disclosure obligations under Australian and New Zealand law. Each Executive KMP has a written employment agreement. Further details can be found in the Remuneration Report on page 43 of this Annual Report.

BOARD COMMITTEES

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

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

Each of these Committees has its own formal charter setting out the authority delegated to it by the Board. The Company regularly reviews its policies and charters, including during the reporting period, and where appropriate, such policies and charters are updated. Copies of the charters are available on the Company's website.

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

Nomination Committee

The Company has a Nomination Committee. During the reporting period, the Nomination Committee consisted of the following non-executive Directors:

- Peter Cosgrove (Chair);
- Paul Connolly; and
- Ted Harris.

The main role of the Nomination Committee is to:

- review the composition of the Board to ensure it is comprised of members who provide the required breadth and depth of skills, experience and knowledge to achieve the objectives of the Board;
- ensure the succession plan for the Board, the Chief Executive and other senior executives;
- ensure the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors;
- establish the process for recruiting a new Director, including ensuring filling any vacancies on the Board with the best possible candidate through the use of executive search firms and/or by direct approach, ensuring appropriate checks are undertaken, considering the independence of the candidate and ensuring that new Board members are afforded induction and continuing professional development programs; and
- consider other matters referred to the Committee by the Board from time to time.

The Board appreciates that having a range of backgrounds, skills and experience can contribute to a well-functioning Board that robustly considers issues and makes decisions. The Board skills matrix on page 32 of this statement demonstrates the range of skills and experience currently represented on the Board.

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

Remuneration Committee

The Company has a Remuneration Committee. During the reporting period, the Remuneration Committee consisted of the following non-executive Directors:

- Peter Cullinane (Chair);
- Anne Templeman-Jones; and
- Paul Connolly.

The main role of the Remuneration Committee is to:

- ensure that remuneration policies and practices are consistent with the strategic goals of the Group and are relevant to the achievement of those goals;
- review and recommend to the Board remuneration arrangements and all reward outcomes for any executive Directors, the Chief Executive and direct reports to the Chief Executive;
- review and recommend to the Board fee arrangements for non-executive Directors;
- review remuneration by gender (or other criteria supporting diversity); and
- review and recommend any significant changes in remuneration policy and structure, including superannuation, employee equity plans and benefits.

The performance of the Executive KMP as listed on page 44 of this Annual Report is evaluated on an ongoing basis by the Chief Executive who then makes recommendations to the Remuneration Committee in relation to the appropriate level of remuneration for the Executive KMP based on their performance against budgeted targets (either Group or divisional as appropriate) and the achievement of individual business objectives. The Remuneration Committee reviewed the remuneration of the Executive KMP (including the Chief Executive) during the reporting period in accordance with this process.

Non-executive Directors may receive retirement benefits in accordance with the *Corporations Act 2001*.

Further details on remuneration policy and the structure of non-executive Director remuneration and further details of the appraisal and performance evaluation applicable to Executive KMP appear on pages 43 to 57 of this Annual Report.

Audit & Risk Committee

The Company has an Audit & Risk Committee. During the reporting period, the Audit & Risk Committee consisted of the following non-executive Directors:

- Anne Templeman-Jones (Chair);
- Ted Harris;
- Sir John Anderson (appointed on 6 May 2015);
- Christine Holman (appointed on 15 December 2015); and
- Vincent Crowley (resigned on 6 May 2015).

The main role of the Audit & Risk Committee is to:

- review the scope, integrity and effectiveness of (among others) the external and internal audit functions, financial reporting and disclosures, risk management and compliance, due diligence procedures and the propriety of related party transactions;
- review and consider any reports or findings arising from any audit function either internal or external;
- review and ensure compliance of the Group's financial statements (including related Australian Securities Exchange (ASX) releases);
- oversee the Company's relationship with its external auditors;
- oversee and independently review the Company's and Group's Risk Management Framework;
- oversee and independently review the Company's and Group's Internal Audit & Risk function; and
- consider other matters referred to the Committee by the Board from time to time.

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

Audit & Risk Committee meetings are held at least four times every financial year to evaluate the financial information submitted to it and to review any procedures and policies that would affect the accuracy of that information.

Audit & Risk Committee meetings are regularly attended by the Chief Executive, Chief Financial Officer, Group General Counsel and Company Secretary, Internal Audit & Risk Manager and external auditors. The Directors are invited to attend Audit & Risk Committee meetings as observers, are advised of meeting dates and times and are provided with Audit & Risk Committee materials.

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

RISK MANAGEMENT

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

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

As the Group is a diversified media group operating in a number of jurisdictions including Australia, New Zealand and Asia, the Group is subject to diverse types of risk including, but not limited to, the following risks: legal and regulatory compliance, financial and market, government policy and political, reputation and brand, operational, and trading conditions.

The diversified nature of the businesses and operations of the Group:

- means that any single risk apparent to a division must be considered in the context of Group materiality; and
- is a key reason for the Board's commitment to division-based responsibility for the implementation of risk management policy and the primary identifier of risk management issues.

The Company has a Risk Management Policy to facilitate a consistent approach to risk management and the reporting of risk across the Group. The Risk Management Policy is part of the Group's Risk Management Framework which outlines the Group's risk management processes, the roles and responsibilities of key stakeholders, documentation and reporting requirements.

The Company's Internal Audit & Risk function works through a schedule of prioritised risk areas across all the major business units to provide an independent risk assessment and evaluation of operating and financial controls. The Internal Audit & Risk function is independent from the external auditor and reports the results of its reviews to the Audit & Risk Committee.

Implementation of enhancements to the Risk Management Policy and Risk Management Framework endorsed by the Board are pursued on an ongoing basis. The Company's approach to risk management is assessed at least annually by the Audit & Risk Committee in order to make a recommendation to the Board on the appropriateness of the Risk Management Framework. The Risk Management Policy will be reviewed formally every three years and approved by the Board. During the reporting period, the Company reviewed its Risk Management Framework with the assistance of an independent third party and was satisfied that it continued to be sound. In addition, enhancements were made to increase transparency of risk for the Board and APN management.

During the reporting period, as part of the Company's risk management and internal compliance procedures, the Chief Executive and Chief Financial Officer reported to the Board in writing and in accordance with section 295A of the *Corporations Act 2001* that the Company's financial records have been properly maintained, and the Company's financial reports present a true and fair view of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. The Chief Executive and Chief Financial Officer also reported to the Board that their statements are based on a sound system of risk management and internal compliance and controls and that this system is operating effectively in all material respects, and all material Group risks are being managed effectively. Accordingly, through this statement, management reports to the Board as to the effectiveness of the Company's management of its material business risks.

The Group has no material exposure to any specific economic, environment or social sustainability risks that are not being managed in accordance with its policies.

ENVIRONMENT

A summary of the Group's approach to the environment during the reporting period is set out on page 25 of this Annual Report.

HEALTH AND SAFETY

The Company's operations are conducted in a wide range of work environments which present a wide variety of potential hazards and risks. The Company recognises this and is committed to ensuring the health, safety and wellbeing of its employees and those within the broader communities in which it operates.

During the reporting period:

- the Company continued its program of work aimed at improving the levels of safety reporting and co-operation between the respective APN divisions which included further strengthening of the safety governance and consultation arrangements and ongoing work to ensure compliance in an evolving legislative environment;
- a number of the divisions underwent an external review of their workplace health and safety processes and no material issues were found; and
- the Company conducted an external review of the framework around workplace health and safety and no material issues were found.

The Company's primary measures of safety performance are currently the Lost Time Injury Frequency Rate (LTIFR) and Medical Treatment Injury Frequency Rate (MTIFR). These reflect the number of lost time and medical treatment injuries experienced for every million hours of employee work time.

The Company's commitment to improving the workplace environment has been reflected in the maintenance of low rates for LTIFR and MTIFR.

SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

As part of an overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available for all interested stakeholders in a timely fashion. The Company has a policy in place to ensure compliance with ASX Listing Rules and NZX Limited (NZX) Listing Rules regarding disclosure and to ensure accountability at a senior executive level for compliance. The Market Disclosure Policy is designed to ensure that there is full and timely disclosure of the Company's activities to shareholders and the market in accordance with the Company's legal and regulatory obligations. In summary, the Market Disclosure Policy provides for the following:

- the disclosure of price-sensitive information (unless there is an applicable exception);
- the Company's approach to market speculation;
- disclosure responsibilities and procedures; and
- how external communications are conducted.

The Market Disclosure Policy also provides that:

- where possible, the Company will arrange for advance notification of significant briefings (including, but not limited to, results announcements) and make them widely accessible, including through the use of webcasting or any other mass communication mechanism as may be practical; and
- for shareholders who wish to attend General Meetings by proxy, to the extent considered practicable, the Company will provide for the electronic lodgement of proxy forms.

A copy of the Market Disclosure Policy is available on the Company's website.

The Company facilitates two-way communication with shareholders (predominantly through its website and electronic communications). The Company's website lists announcements made to the market, presentations to industry analysts and investors, information on dividends and the Dividend Reinvestment Plan, summary historical financial information and information regarding annual and interim financial results among other matters. Market announcements are posted to the website as soon as practicable after release to the ASX and NZX. Copies of recent past Company Annual Reports and details of the outcome of Annual General Meetings are also available from the website, or upon request directly from the Company.

Announcements and financial results for the past three years are available on the Company's website. Shareholders also have the option to receive certain electronic communications from the Company and may contact the Company through a dedicated email address.

In relation to shareholder participation at Annual General Meetings, shareholders are encouraged to attend either in person or by proxy or corporate representative (if applicable). The Company provides a facility for the electronic lodgement of proxy forms. The Company has also provided live webcasts of its Annual General Meetings through the Company's website. Shareholders attending Annual General Meetings are able to ask questions regarding the Financial Report, Directors' Report and Independent Auditor's Report or on Company management. In addition, shareholders may also ask questions of the external auditor, who is required to attend each Annual General Meeting, to respond to queries about the conduct of the audit of the Financial Report, the preparation and content of the Independent Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

As required by the NZX Listing Rules, the Company discloses that the rules set out in Appendix 17 of the NZX Listing Rules do not apply to the Company as it is a "Dual Listed Issuer" (as defined in the NZX Listing Rules).

SECURITIES TRADING

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

In addition to these requirements and obligations, the Company has a Securities Trading Policy and Guidelines.

The Securities Trading Policy and Guidelines imposes trading restrictions on Directors, the Chief Executive and all his direct reports (and those directly reporting to them), and participants in any APN Employee Incentive Plan (as defined in the Policy) where trading is not permitted by law and also during Company-designated closed periods (prior to the release of half and full year results and any additional periods imposed by the Company from time to time when the Company is considering confidential matters which are not required to be disclosed to the market under ASX Listing Rule 3.1A). This Policy also prohibits the entering into of any hedging or other arrangements by which the economic risk associated with any unvested options, rights or similar instruments held pursuant to an APN Employee Incentive Plan are limited. The Policy states that breaches of the Securities Trading Policy and Guidelines will be subject to disciplinary action, which may include termination of employment. A copy of the Securities Trading Policy and Guidelines is available on the Company's website.

ETHICAL STANDARDS

The Group has a Code of Conduct covering policies and other standards within which Directors, employees and consultants are expected to act. A copy of the Code of Conduct is available on the Company's website.

Under the Code of Conduct, the practices necessary to maintain confidence in the Company's integrity, legal obligations and the reasonable expectations of stakeholders are summarised as follows:

- all Directors, employees and consultants are required to abide by laws and regulations and the requirements of the Code of Conduct and to respect confidentiality and the proper handling of information;
- all Directors and employees are required to act with the highest standards of honesty, integrity and ethics in all dealings with each other, the Group, customers, suppliers and the community;
- Directors or employees giving and receiving gifts in connection with the operation of the Company and its subsidiaries are covered by the Code of Conduct, as are political contributions which must not be made directly or indirectly on behalf of the Company (or its subsidiaries) without Board approval;
- bribes or similar illegal payments must not be made to government officials, customers, suppliers or any other person in connection with obtaining orders or favourable treatment; and
- full co-operation with internal and external auditors, proper record keeping and the avoidance of conflicts of interest are all required.

It is a term of standard Group employment contracts that employees are expected to comply with Company policy (which includes the Code of Conduct) and failure to do so is considered serious and may have consequences depending on the facts in each case, including termination of employment. Reporting of instances of breaches of the Code of Conduct is required and the Company has adopted a Whistleblower Policy to assist in the identification and reporting of breaches of Company policy and similar matters. In the event a concern is submitted under the Whistleblower Policy, decisions as to the appropriate action to take in order to investigate and validate any allegations are taken jointly by the Internal Audit & Risk Manager, Group General Counsel and Company Secretary and Chair of the Audit & Risk Committee. A copy of the Whistleblower Policy is available on the Company's website.

DIVERSITY

Approach to diversity

The Company views diversity as being important to facilitating the achievement of corporate objectives and the continued growth and success of its businesses. In particular, it is the view of the Board that a diverse workforce is essential for the Company to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it operates, and its shareholders.

Steps were taken at Board level to enhance gender diversity, including requiring additional reporting on diversity from the Group's divisions. The Company continues to further pursue its diversity objectives.

Principles

The Company believes that continued success and competitive advantage will be achieved by the Group providing an environment that respects, values and works to enhance a richness of diversity among its employees.

The Group will, accordingly, continue to focus on operating in a manner which:

- recognises the value of diversity- relevant work practices;
- differentiates in favour of and promotes structures and programs of diversity and inclusiveness;
- develops leaders who are active and visible sponsors of diversity and inclusiveness;
- sets meaningful objectives that demonstrate the commitment of the Group to align its operations to its diversity objectives; and
- supports equal pay for the same role/position and same qualifications and experience.

Oversight and sponsorship

The Board oversees the Group's focus on diversity, and delegates the responsibility for the management oversight and administration of the Diversity Policy to the Chief Executive.

At a business level, divisional chief executive officers, with their human resources teams, oversee and co-ordinate programs that improve diversity across the Group. Each division reports to the Chief Executive on diversity matters.

Programs and initiatives

The Group has in place, and will continue to enhance, practices and programs which enable the identification, development, retention and recognition of programs and practices that promote and support an environment of diversity and inclusiveness.

Such programs and practices encompass wherever possible:

- employee recruitment;
- employment terms, including flexible work arrangements, job sharing, teleworking, parental leave and return to work, among others;
- leadership development, including training in enhancing diversity practices and leading diverse teams; and
- reward and recognition.

Objectives for gender diversity

The Company achieved its aspirational objectives for increasing gender diversity within the Group's workforce which included the objective of increasing the ratio of women in management level roles in the organisation over a three year period by 10%.

During the reporting period, the Board considered and reaffirmed the Company's aspirational objectives for increasing gender diversity within the Group's workforce which are to:

- increase the ratio of women in management level roles in the organisation;
- conduct specific focused reviews in key work groups to identify and correct any potential barriers to the promotion of women;
- increase the number of women each year participating in any company Executive Leadership Development Program and other leadership programs, with the target of reaching 50 per cent of women being sponsored; and
- develop effective policies and procedures to facilitate effective and flexible return to work arrangements for employees returning from parental leave.

A copy of the Diversity Policy is available on the Company's website.

Gender balance

- Women constitute approximately 53 per cent of the Group's workforce.
- Women constitute approximately 35 per cent of the senior management* within the Group.

Two of the seven members of the Company's Board are female.

CORPORATE GOVERNANCE STATEMENT

Diversity at Board and senior management level

During the reporting period, the Company took a number of steps to achieve its diversity objectives and satisfy the Recommendations on diversity, including:

- the appointment of an additional female as a Director of the Company;
- the appointment of a female Chief Commercial Officer to lead sales and business development in Hong Kong;
- the upgrading of a number of facilities to better accommodate physically disabled persons;
- the provision of mental health training for senior and mid-level managers at the Australian Radio Network;
- the implementation by the New Zealand business of a new policy on bullying and harassment;
- continued promotion of the diversity objectives, under the sponsorship of the Chief Executive, to further develop, embed and distil the Company's Diversity Policy and programs in support of the Diversity Policy;
- improvements in tracking diversity in the Group's workforce;
- continued updating of recruitment processes in a number of divisions so that, in appropriate circumstances, a female is included in the recruitment process and at least one female is shortlisted for position vacancies as well as New Zealand developing specific lesbian, gay, bisexual, transgender, takatapui and intersex friendly measures; and
- continued emphasis in many divisions on policies and procedures permitting flexible return to work programs, with one division implementing a new flexible work policy.

The Company, in consultation with the Chief Executive, will annually review and approve measureable objectives for achieving diversity and assess progress in achieving them.

The Company has submitted a *Workplace Gender Equality Act 2012* report in Australia.

* The term senior management used in this Diversity section of the Corporate Governance Statement includes all executives reporting directly to the Chief Executive and the next level of management reporting to those senior executives.

This Corporate Governance Statement has been approved by the Board and is current as at 24 March 2016.

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 year ended 31 December 2015. Throughout this report, the consolidated entity is also referred to as the Group.

1. DIRECTORS

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

Peter Cosgrove (Chairman)

Ted Harris AC (Deputy Chairman)

Anne Templeman-Jones

Paul Connolly

Peter Cullinane

Sir John Anderson (appointed to the Board on 26 March 2015)

Vincent Crowley (resigned from the Board on 6 May 2015)

Christine Holman (appointed to the Board on 16 November 2015).

Details of the current Directors' qualifications, experience and responsibilities are set out on pages 28 and 29.

2. QUALIFICATIONS AND EXPERIENCE OF COMPANY SECRETARY

Refer to page 26 for the qualifications and experience of the Group General Counsel and Company Secretary, Yvette Lamont.

3. PRINCIPAL ACTIVITIES

APN News & Media is a diversified media and entertainment company with assets in Australia, New Zealand and Hong Kong.

APN owns leading radio business Australian Radio Network (ARN) which has the largest metropolitan audience footprint in the country. ARN is home to the KIIS and Pure Gold networks, iHeartRadio digital radio and events platform and Emotive content creation business. In January 2015, ARN acquired 100% of Radio 96FM Perth Pty Limited. The station has been repositioned and integrated into the KIIS network, strengthening the five-capital city offering.

Australian and New Zealand street furniture and digital outdoor advertising business Adshel continues to be operated as a joint venture with Clear Channel International. In October 2015, Adshel launched the world's first national digital street furniture network with 270 panels in Australia. APN also owns Cody Out-of-Home which provides billboard advertising and in-bus multimedia advertising solutions across a network of over 600 outdoor panels and 1,200 buses in Hong Kong.

New Zealand Media Entertainment (NZME) operates some of the country's leading publishing, radio and digital brands including New Zealand's leading newspaper, *The New Zealand Herald* and New Zealand's number one radio station, Newstalk ZB. NZME's publishing, radio and digital businesses have been merged over the past 15 months to create a single integrated media business.

APN's Australian Regional Media (ARM) is the leading publisher in regional Queensland and Northern New South Wales. ARM's portfolio includes 12 daily newspapers, 60 community newspapers and non-daily publications and over 30 regional news websites and mobile sites. With a footprint from Coffs Harbour to Airlie Beach, ARM connects with an audience over 1.6 million via print, online and mobile every week.

4. DIVIDENDS

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

	2015 $'000	2014 $'000
No final dividend for the year ended 31 December 2014 (2013: nil)	–	–
No interim dividend for the year ended 31 December 2015 (2014: nil)	–	–
Total dividends	–	–

The Directors have determined that no final dividend will be payable in respect of the year ended 31 December 2015.

DIRECTORS' REPORT

5. CONSOLIDATED RESULT AND REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman's Report, the Chief Executive Officer's Report and the Operating and Financial Review on pages 6 to 21 of this Annual Report.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 30 January 2015, the Group completed the acquisition of 100% of Radio 96FM Perth Pty Limited. The purchase consideration was the purchase price of $78.0 million less working capital adjustments.

The Group extended its debt facilities with a syndicate of domestic and international banks in July 2015. The facility now matures in July 2019.

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

7. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 25 February 2016, the Company announced that it had commenced a process to divest the ARM business.

Other than the matter noted above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Overall strategic direction and prospects are discussed in the Chairman's and Chief Executive Officer's Reports on pages 6 to 9 and the Operating and Financial Review on pages 10 to 21.

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

9. ENVIRONMENTAL REGULATION

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

10. REMUNERATION REPORT

The remuneration report is set out on pages 43 to 57 and forms part of this Directors' Report.

11. DIRECTORS' MEETINGS

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

Director	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Cosgrove	10	10	–	–	–	–	1	1
Ted Harris	10	9	6	6	–	–	1	0
Sir John Anderson	7	6	4	4	–	–	–	–
Paul Connolly	10	10	–	–	4	3	1	1
Vincent Crowley	4	4	2	2	–	–	–	–
Peter Cullinane	10	10	–	–	4	4	–	–
Christine Holman	1	1	0*	0	–	–	–	–
Anne Templeman-Jones	10	10	6	6	4	4	–	–

*Ms Holman was appointed to the Audit & Risk Committee effective 15 December 2015 (i.e. after the last Audit & Risk Committee meeting held for the period).

Committees formed for purposes including reviewing and approving the half-year and annual financial statements, 2014 Annual Report and Shareholder Review, and Notice of Meeting met four times and were attended by Peter Cosgrove (3), Ted Harris (1) and Michael Miller (4). Michael Miller was delegated authority by the Board.

12. DIRECTORS' INTERESTS

The remuneration report on pages 43 to 57 contains details of shareholdings of the Directors and Executive Key Management Personnel as at 31 December 2015.

13. SHARES UNDER OPTION

There were no unissued shares of APN News & Media Limited under option at 31 December 2015 and no shares issued during the financial year as a result of the exercise of options. No options have been granted since the end of the financial year.

14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

An Access, Indemnity and Insurance Deed is also provided to each Director and officer who serves as a director of the Company, a subsidiary or associated entity. The Deed is consistent with the Constitution and indemnifies these persons to the extent permitted by law for liabilities and legal costs incurred as a director of these entities (subject to some limitations).

15. INSURANCE OF DIRECTORS AND OFFICERS

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

16. PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

17. NON-AUDIT SERVICES

The Group may decide to employ its auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Group is important.

During the financial year, the Company's auditor, PricewaterhouseCoopers, received or is due to receive $1,421,000 for the provision of non-audit services. Full details of the amounts paid or payable to the auditors for audit and non-audit services provided during the financial year are set out on page 106 in the consolidated financial statements.

The Company auditor has provided the Directors with an Auditor's Independence Declaration in relation to the audit, a copy of which follows immediately after this Directors' Report. The auditor has also confirmed to the Directors that it has in place independence quality control systems which support its assertions in relation to its professional and regulatory independence as auditor of the consolidated entity (including the requirements of APES 110 *Code of Ethics for Professional Accountants*).

The Audit Committee has reviewed the fees provided to the auditor for non-audit services in the context of APES 110, the requirements of the Audit Committee Charter and general corporate governance practices adopted by the consolidated entity.

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

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

18. AUDITOR'S INDEPENDENCE DECLARATION

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

19. ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

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

Peter Cosgrove
Chairman

Sydney
24 March 2016

REMUNERATION REPORT

HIGHLIGHTS FOR THE YEAR

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present our 2015 remuneration report.

The year was one of significant change for APN, with several pivotal appointments to our executive team, and a redesign of the executive remuneration framework. I have set out a brief summary of these changes below. I trust that you too will recognise the value the changes represent to APN and our shareholders.

Executive KMP appointments during the year

In June, Michael Miller resigned as CEO. In August, the Board promoted Ciaran Davis (prior CEO, ARN) as his successor. After an extensive search process, Tony Kendall was recruited from Bauer Media to become CEO of ARN, commencing in December.

Outcomes for 2015

The Remuneration Committee performs regular reviews of executive remuneration. During 2015, several executives' fixed remuneration was increased, reflecting both market movements and changes to roles and responsibilities.

APN's 2015 financial performance was strong, although with varied results at the divisional level. Group performance, measured by net profit before tax and before exceptional items, was 3% above target. At the divisional level, ARN exceeded target, while NZME and ARM were below target. As a result, the CEO received a short term incentive (STI) of 110% of target. Other executives' STI outcomes were, on average, 101% of target.

In line with the increased Directors' fee pool approved by shareholders at the 2015 Annual General Meeting (AGM), non-executive directors' fees increased by approximately 40% to better reflect market norms. The last increase in NED fees occurred more than 10 years ago. In recent years, we have reduced the size of the Board significantly, resulting in a higher workload and more responsibilities on each NED. Total fees remain well within the fee pool cap.

Changes to the remuneration framework for 2016

As we have told shareholders, APN is committed to a transformation from a traditional media company to a media company best suited to a digital world. APN is in a period of rapid change, where our executives' agility to operate in an ever changing and evolving market will be the key to our success.

Commencing in mid-2014, and as noted in the 2014 Remuneration Report and AGM, the Remuneration Committee (Committee) began a fundamental review of APN's executive incentive structure to arrive at one which we believe meets three key conditions;

1. It must align with, and support, implementation of APN's business strategy.
2. It must live up to its name; i.e., it must truly focus executives on, and reward, peak performance.
3. It should align executives' interests with our shareholders as closely as possible.

As a result, the Committee concluded that, put simply, the traditional EPS and relative Total Shareholder Return long-term incentive approach doesn't work for APN, and is ineffective.

With these criteria in mind, the Committee briefed three firms specialising in executive remuneration design, and chose a partner to work with. The resultant design process has led to the creation of what we and our advisors are confident is a clear, compelling scheme that will drive the behaviours and results which will support increased value for shareholders.

In essence, the Total Incentive Plan (TIP) focuses on achieving immediate performance gains in an ever-changing media market place, where the traditional 3 year plan is redundant within 18 months. Accordingly, we have put significant focus on one-year performance, while ensuring that the outcomes are related to long term value for shareholders.

The TIP payout is half cash and half equity (issued at face value), with a further 3 years that executives will hold the equity. We want our executives to build up meaningful equity and think like shareholders.

We have chosen EBITDA as the key metric for one year performance, because the activities that drive EBITDA are largely within executives' influence. The Board is actively involved in finance and tax matters as APN transitions to a more normalised tax rate and executes disposals and acquisitions. We do not wish our incentive plan to hinder an executive's judgment, which may involve some short-term drop in earnings in return for long term shareholder gains.

Our TIP plan is simple and understandable. It will reward the right performance. We will, of course, review its appropriateness yearly as our transformation takes effect.

Detailed discussion of the changes to the framework is set out within section (b) of the Remuneration Report.

Changes to CEO remuneration for 2016

Mr. Davis was appointed as CEO of APN on 20 August 2015. At the time of his appointment, the Board determined that it was appropriate to retain the same incentive structures and quantum that had been in place since the beginning of the financial year, reflecting his role as CEO of ARN. However, for the 2016 financial year, the Board determined that Mr. Davis' incentive opportunity should be consistent with that of his predecessor. Consequently, Mr. Davis' TIP target opportunity of 100% of fixed remuneration is an increase from his 2015 opportunity.

Peter Cullinane

Chair of the Remuneration Committee

REMUNERATION REPORT

OUR DETAILED REMUNERATION REPORT

This remuneration report for the year ended 31 December 2015 outlines key aspects of our remuneration policy and framework, and has been audited in accordance with the *Corporations Act 2001*.

Our remuneration report contains the following sections:

(a) Who this report covers
(b) Changes to the remuneration framework for 2016
(c) Executive remuneration policy and framework, and the role of the Remuneration Committee
(d) Actual remuneration for 2015
(e) How reward was linked to performance
(f) Total remuneration for Executive KMP
(g) Contractual arrangements with Executive KMP
(h) Non-executive Director arrangements
(i) Share-based remuneration
(j) Director and Executive KMP shareholdings
(k) Other statutory disclosures.

A) WHO THIS REPORT COVERS

This report covers Key Management Personnel comprising Executive Key Management Personnel (Executive KMP) and Non-executive Directors being:

Name	Role
Executive KMP	
Ciaran Davis	Chief Executive Officer, (from 20 August 2015), previously Chief Executive Officer, Australian Radio Network (from 19 February 2014)
Jeff Howard	Chief Financial Officer
Jane Hastings	Chief Executive Officer, TRN/NZME (from 19 February 2014)
Tony Kendall	Chief Executive Officer, Australian Radio Network (from 3 December 2015)
Yvette Lamont	Group General Counsel and Company Secretary
Neil Monaghan	Chief Executive Officer, Australian Regional Media
Former Executive KMP	
Michael Miller	Chief Executive Officer (until 30 September 2015)
Martin Simons	Chief Executive, New Zealand Media (until 11 May 2014)
Non-executive Directors	
Peter Cosgrove	Non-executive Chairman
Ted Harris AC	Non-executive Deputy Chairman
Sir John Anderson	Non-executive Director (from 26 March 2015)
Paul Connolly	Non-executive Director
Peter Cullinane	Non-executive Director
Christine Holman	Non-executive Director (from 16 November 2015)
Anne Templeman-Jones	Non-executive Director
Former non-executive Director	
Vincent Crowley	Non-executive Director (until 6 May 2015)

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

In March 2016, it was announced that Michael Boggs would replace Jane Hastings as CEO of NZME effective 8 April 2016.

B) CHANGES TO THE REMUNERATION FRAMEWORK FOR 2016

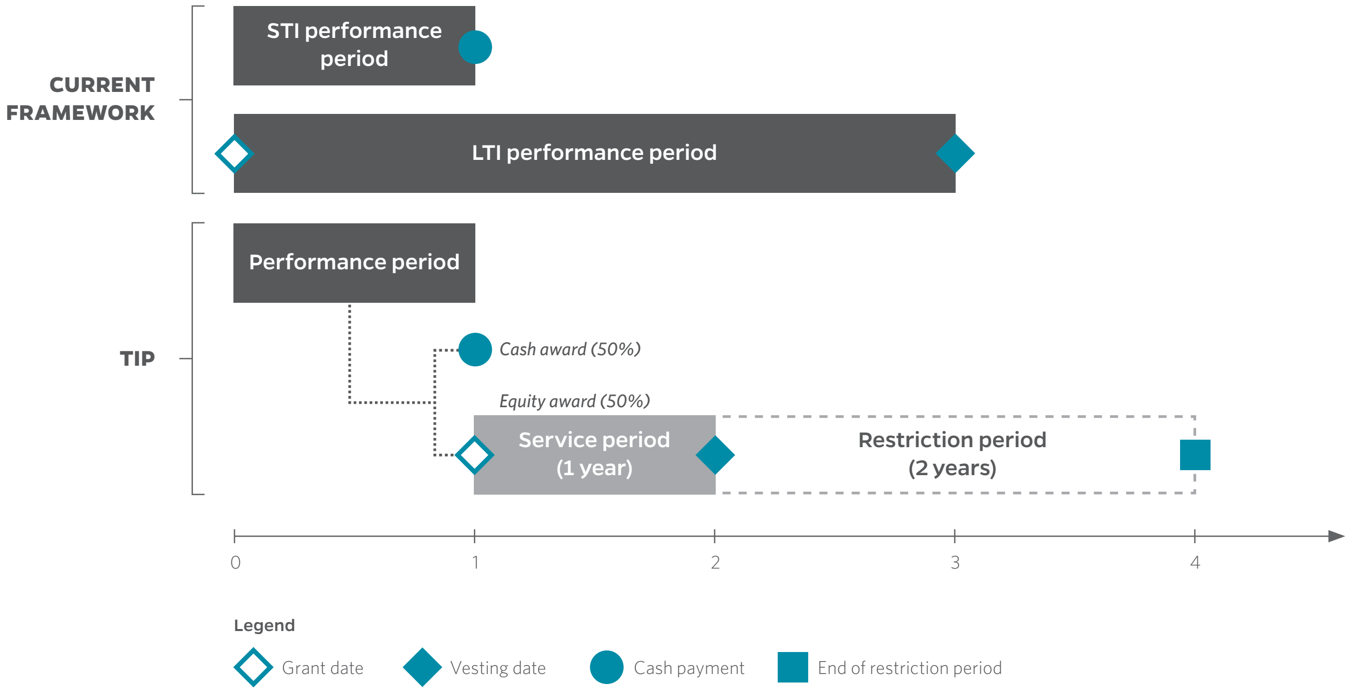
The current remuneration framework, while aligned to general market practice, was not, in the Board's view, effective in meeting APN's strategic needs. As flagged in last year's remuneration report and at the 2014 AGM, the Board determined that a detailed review of the framework was required in 2015 to ensure future Executive KMP reward better supports and is aligned with the business strategy. The review focused on simplifying Executive KMP incentive arrangements, while increasing the "line-of-sight" for Executive KMP to maximise the effectiveness of incentive awards. The Board also wanted to promote greater levels of Executive KMP shareholding to align management's interests with those of shareholders.

The key outcome of the review was the creation of a new incentive framework, the Total Incentive Plan (TIP) – which replaces the current short-term and long-term incentive plans.

APN believes that setting long-term financial performance targets is not aligned to our business strategy and operational imperatives. Given that the business and the industry in which we operate is undergoing significant change, targets set over anything longer than a single year become redundant before the plan concludes.

The TIP provides eligible participants with a target incentive opportunity. Outcomes are determined following a one-year performance period based on an assessment against specified financial and non-financial performance conditions. Awards are made in an equal proportion of cash and equity, with equity components subject to consecutive service and restriction periods totalling three years. Consequently executives' actual TIP awards will reflect both one year APN performance and a further three years APN share price performance. In summary, the TIP is, in total, a four year incentive plan.

The following diagram illustrates the operation of the TIP, with a comparison to the current STI and LTI plans:



REMUNERATION REPORT

The following table outlines the key terms of the TIP:

Feature	Description
Eligibility	At the absolute discretion of the Board, the CEO and other Executive KMP are eligible to participate in the TIP.
Award opportunity	Eligible participants will have a target award opportunity, which will vary between 50% and 100% of fixed remuneration, depending on the participant's role and responsibilities. The TIP opportunity was calibrated so that target performance results in the same incentive payment as under the prior STI and LTI plans, except in those instances where changes in role or recognition of remuneration gaps were addressed. However, the maximum incentive has decreased from the 2015 STI and LTI plans to 137.5% of target incentive.
Award frequency	A new TIP opportunity will be offered at the commencement of each financial year.
Performance period	The award is dependent on performance over a one year period (the relevant financial year). There will be no opportunity for retesting.
Performance measures	**Financial performance conditions (75%)** – Performance will be measured against earnings before interest, tax, depreciation and amortisation (EBITDA). – For the CEO and Group Executive KMP, performance will be measured against Group EBITDA. – For divisional Executive KMP, performance will be measured against their relevant divisional EBITDA (50%) and Group EBITDA (25%). **Non-financial performance conditions (25%)** – Performance will be measured against specific measures, as determined for each participant at the commencement of the performance period. – These measures may be additional Group/divisional measures (e.g. market share), or individual measures (e.g. leadership and development). The higher weighting of financial to non-financial metrics emphasises the importance the Board places on APN's financial performance. EBITDA is the most appropriate financial measure, as it is the primary measure by which the Board and our investors assess APN's performance (both at a Group level and across divisions). The Board believes that the continued use of earnings per share (EPS) is ineffective in a period of significant transformation (i.e. as the business moves more into the digital space). The volatility inherent in the business over this time makes the setting of relevant EPS metrics both impractical and ineffective. We do not believe that the removal of the EPS or the total shareholder return (TSR) metrics will reduce Executive KMP focus on shareholder performance, as the significant portion of incentive being held in equity for three years gives them focus on sustained Company performance in its broadest sense.

Incentive payout schedule

Financial metrics		Non-financial metrics	
EBITDA	Percentage of target opportunity awarded	Performance against target	Percentage of target opportunity awarded
<95% of budget	0%	Below threshold	0%
95% of budget	25%	Threshold	25%
>95% to <100% of budget	Pro-rata vesting between 25% and 100%	The percentage of target opportunity that will be awarded between Threshold and Target is at the discretion of the Board.	
100% of budget	100%	Target	100%
>100% to <110% budget	Pro-rata vesting between 100% and 150%	The Board has discretion to increase awards above 100% in exceptional circumstances (i.e. significant performance above plan).	
At or above 110% of budget	150% vesting		

The financial performance award schedule has been designed to provide only limited awards where performance is below budget, with sustained upside for performance above budget, up to a maximum cap of 150%.

Similarly, the non-financial award schedule has been designed to limit awards below target. Upside will only be provided in exceptional circumstances at the absolute discretion of the Board. It is envisioned that this discretion will only be applied where significant performance above plan is achieved (i.e. leading to substantial shareholder value creation).

Feature	Description

Form of award	The Board determined a significant proportion of Executive KMP's remuneration should be delivered in equity, and that the ability for participants to dispose of their shares should be restricted for three years to bolster executive shareholding levels to improve alignment with shareholders.
	Awards under the TIP are granted to participants following the assessment of performance. To the extent that performance measures are met:
	– 50% of awards are made in cash following the assessment of performance; and
	– 50% of awards are granted in rights to acquire fully paid ordinary shares in the Company for nil consideration (Rights):
	  – Subject to the satisfaction of a one-year service period, vested Rights will convert to fully paid ordinary shares on the date APN announces its annual results to the Australian Securities Exchange (ASX), immediately following the one-year deferral period (Service Period).
	  – Vested Rights will automatically convert into shares without the requirement for the participant to exercise their Rights.
	  – Participants will receive an additional allocation of shares at vesting equal to the dividends paid on vested Rights over the Service Period.
	  – Vested shares will be subject to a further two year trading restriction (Restriction Period).
	  – The operation of the plan described above applies for Australian participants. For New Zealand-based participants, Rights are not converted to shares until the end of the Restriction Period due to different individual tax treatment in New Zealand.
	  – Consequently, New Zealand-based participants will receive an additional allocation of shares at vesting equal to the dividends paid on vested Rights over the Service and Restriction Periods.
	The awards have been structured to balance the short-term and long-term reward of Executive KMP, as well as the cash and equity component.

Equity allocation methodology	Equity will be granted based on the face value of the Rights.
Clawback	Per the existing framework, the Company may reduce unvested equity awards in certain circumstances such as gross misconduct, material misstatement or fraud. The Board may also reduce unvested awards to recover amounts where performance that led to payments being awarded is later determined to have been incorrectly measured or not sustained.
Treatment of awards on cessation of employment	There was no change to the principles of the treatment on cessation (awards are forfeited for bad leavers, while good leavers receive pro-rated awards based on the extent to which performance and service conditions are met).
Treatment of awards on change of control	There was no change to the principles of the treatment on change of control (participants receive pro-rated awards based on the extent to which performance and service conditions are met).

The TIP is effective from 1 January 2016.

REMUNERATION REPORT

C) EXECUTIVE REMUNERATION POLICY AND FRAMEWORK, AND THE ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee determines the remuneration policy and structure with the primary goal of attracting and retaining individuals capable of managing the Group's operations in line with shareholder expectations. The executive packages are structured to:

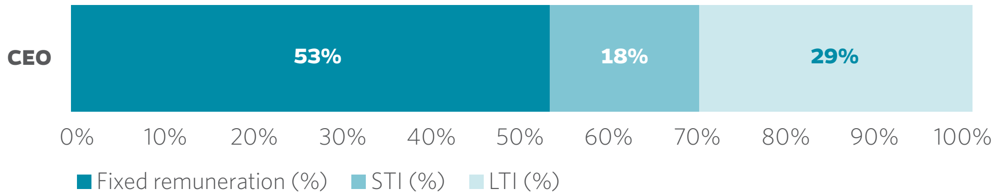
- Be competitive in the market;
- Drive Executive KMP engagement;
- Provide an appropriate balance between short and long-term performance focus;
- Reward the achievement of financial and strategic objectives;
- Align executive reward with Company performance; and
- Create value for shareholders.

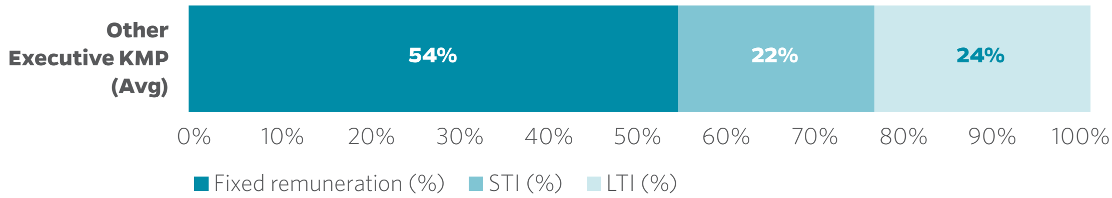
These principles were reflected in the remuneration framework for 2015 which is outlined below:

(i) Total fixed remuneration (TFR)

TFR comprised base salary, superannuation contributions and non-monetary benefits. The purpose of total fixed remuneration is to recognise the capability and experience of the individual, and the scope and responsibility of the role.

The target remuneration mix for the CEO and the average across the other Executive KMP in 2015 is illustrated below:





For 2015, Mr Davis' target remuneration mix was 53% fixed remuneration, 18% STI and 29% LTI. As noted earlier, Mr Davis' incentive opportunity for 2015 reflected his prior role of ARN CEO, and not the policy target mix for the APN CEO role.

Retirement benefits

Retirement benefits are considered as part of fixed remuneration and are delivered to Executive KMP in the form of statutory superannuation contributions to a number of different funds. All contributions made on behalf of executives are based on a percentage of fixed salary. Ms Lamont is a member of a defined benefit superannuation plan (the plan provides defined lump sum or annuity benefits based on years of service and final average salary).

Other remuneration related costs

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

(ii) Short-term incentive (STI)

In 2015, Executive KMP participated in an STI plan. The following table summarises the key terms of the STI plan for 2015:

Feature	Description			
Form, frequency and timing of awards	STIs were paid subject to achieving specific performance objectives determined by the Board, on an annual basis. STIs were paid in cash early in the subsequent financial year following the finalisation of the audited results.			
Target and / or maximum opportunity	For the achievement of performance targets, the target opportunity was defined as a dollar value and was determined on a role by role basis. The maximum opportunity for the CEO was 150% of the target level and 175% to 200% of the target level for other executives.			
Performance measures		Chief Executive Officer	Chief Financial Officer and Group General Counsel	Business unit roles
	Group net profit before tax	25%	75%	25%
	Relevant business unit EBITDA[1]	50%	0%	50%
	Individual key performance indicators (KPIs)	25%	25%	25%
Assessment of performance and Board discretion	The assessment of performance was based on a scorecard of measures which are heavily weighted to financial metrics. Maximum STI was payable if financial targets were exceeded by 10%. No incentive payments were made for Company performance below target levels of performance. Payments for individual KPIs cannot exceed 100% of target outcome. In certain exceptional circumstances, the Remuneration Committee could take account of other factors impacting on the year's results as well as the extent to which other business objectives have been achieved, such as adjusting for major capital restructures or the achievement of major transformation milestones.			
Service condition	Typically, no part of the STI was payable where an executive leaves APN's employment during the year.			

1. The 2015 performance measures for Jane Hastings comprised both business unit EBITDA and specific financial metrics related to the integration of NZME during the year.

(iii) Long-term incentive (LTI) plan

The 2015 LTI plan provided for the grant of equity awards (in the form of Performance Rights which may be converted into APN shares at a future date if certain performance targets are met/exceeded). Awards were split into two separate tranches, which vest independently. Seventy-five percent (75%) of the total award vests based on the achievement of an EPS growth performance hurdle. The remaining 25% of the total award vests based on a relative Total Shareholder Return (TSR) hurdle. The following table summarises the key terms of the 2014 and 2015 LTI plans:

Feature	Description
Form of award	Awards under the LTI plan were structured as rights to acquire fully paid ordinary shares in the Company for nil consideration (Performance Rights). The number of Performance Rights issued to Executive KMP was based on the individual's LTI opportunity, expressed as a percentage of fixed remuneration. Subject to the satisfaction of the performance hurdles, vested Performance Rights will convert to fully paid ordinary shares on the date APN announces its annual results to the ASX, immediately following the performance period of three years. Vested Performance Rights will automatically convert into shares without the requirement for the participant to exercise their Performance Rights. No dividends will accrue on unvested Performance Rights.
Eligibility	At the absolute discretion of the Board, the Chief Executive Officer and other Executive KMP were eligible to participate in the LTI plan.
Frequency of grants	Awards under the LTI plan were made on an annual basis.
Allocation methodology	Allocations were made based on a face value approach using the volume weighted average price of APN shares over the first five trading days of the financial year.
Performance period	The number of Performance Rights that vest is dependent on performance over a three year period (three financial years). Any awards which do not vest when performance is tested (at the end of the three year performance period) will lapse.

REMUNERATION REPORT

Feature	Description	
Performance measures	EPS measure (75% of LTI) 2014 grant – EPS is the base earnings per share (as disclosed in the Company's Income Statement) adjusted for any non-recurring or non-trading items as determined by the Board. – EPS was chosen as it focuses participants on earnings growth. – EPS growth will be measured by comparing the EPS figure for the financial year ending 31 December 2016 with the EPS figure for the financial year ended 31 December 2013 (base year). – The extent to which Performance Rights subject to EPS performance measures vest will be determined by calculating the compound annualised EPS growth achieved over the three year period, and then comparing that figure with the targets shown in the left column of the Performance vesting schedule section below. 2015 grant – EPS is the base earnings per share on a pre-tax basis adjusted for any non-recurring or non-trading items as determined by the Board. – EPS has been chosen as it focuses participants on earnings growth. – The EPS vesting schedule used in 2014 was replaced with a defined target vesting approach, and a revised hurdle to provide a fair balance of shareholders' and employees' interests.	TSR measure (25% of LTI) 2014 and 2015 grants – Relative TSR was chosen as a performance hurdle because it aligned executive interests with those of the shareholders by measuring the change in the Company's share price and the payment of dividends. – The Company's TSR performance will be measured relative to companies within the Consumer Discretionary, Financials and Industrials GICS sectors, sourced from the 50 companies above and 50 companies below APN based on APN's 12 month average market capitalisation in the prior financial year plus Ten Network Holdings Limited, Southern Cross Media Group Limited, Fairfax Media Limited and Trade Me Group Limited. This comparator group was chosen with consideration to size and complexity and due to the fact that comparator companies are likely to face similar opportunities and market conditions. – The Company must outperform companies with similar opportunities to receive any benefit in relation to the TSR-based tranche of awards.
Performance vesting schedule	See vesting schedules below	
Treatment of awards on cessation of employment	The plan rules allow flexibility for participants to remain in the plan post cessation of employment or for awards to be pro-rated for time and performance up to the date of cessation. For LTI grants in 2014 and 2015, where participants leave in certain "good leaver" circumstances, (for example, redundancy, total disablement or death), awards may be retained and pro-rated for time and may vest at the end of the original performance period to the extent performance hurdles are met.	
Treatment of awards on change of control	The Board has discretion to pro-rate outstanding awards for time and performance in an event which the Board considers to be a change of control event. A change of control event is defined in the LTI plan rules.	

Performance vesting schedule

EPS vesting schedule – 2014 grant

EPS performance (compound annual growth rate)	Percentage of awards that vest
<4.62% EPS growth	0%
At 4.62% EPS growth	50%
4.62%>6.60% EPS growth	Pro-rata between 50% and 100%
At or above 6.60% EPS growth	100%

TSR vesting schedule – 2014 and 2015 grants

Relative TSR performance	Percentage of awards that vest
<51st percentile relative TSR growth	0%
At 51st percentile relative TSR growth	50%
51st percentile > 75th percentile relative TSR growth	Pro-rata between 50% and 100%
At or above 75th percentile relative TSR growth	100%

EPS vesting schedule – 2015 grant

EPS performance (Defined target)	Percentage of awards that vest
Below target	0%
At or above target	100%

APN will disclose EPS targets on a retrospective basis to ensure that the Company's competitive position is not compromised.

(iv) Other arrangements, Board discretion, and clawback of remuneration

Other remuneration arrangements will be entered into on an 'as needed' basis as determined by the Board. These may include retention and transaction/project completion incentives.

The Board retains the ultimate discretion regarding remuneration outcomes. The Board may make, or cancel (clawback) awards where it sees fit to align with remuneration policy and or Company strategic outcomes.

(D) ACTUAL REMUNERATION FOR 2015

The following table sets out the actual value of the remuneration earned by Executive KMP during the year. The figures in this table are different to those shown in the accounting table in section (f) of this report because that table includes the apportioned accounting value for all unvested LTI grants, which remain subject to satisfaction of performance and service conditions and may not ultimately vest. It also includes accrued long service leave and non-monetary benefits provided in addition to their fixed remuneration. The first allocation of Performance Rights under the LTI plan for the current Executive KMP was January 2014, with a corresponding vesting date of 31 December 2016. Therefore there was no realised remuneration associated with the LTI plan for 2015.

	Fixed remuneration[1] ($)	STI ($)	LTI ($)	Termination ($)	Total ($)
Ciaran Davis (from 19 February 2014)					
2015	**896,004**	**440,000**	**–**	**–**	**1,336,004**
2014	470,165	342,188	–	–	812,353
Jeff Howard					
2015	**600,000**	**358,500**	**–**	**–**	**958,500**
2014	515,930	261,000	–	–	776,930
Jane Hastings					
2015	**731,597**	**320,632**	**–**	**–**	**1,052,229**
2014	536,688	331,187	–	–	867,875
Tony Kendall (from 3 December 2015)					
2015	**51,119**	**–**	**–**	**–**	**51,119**
2014	–	–	–	–	–
Yvette Lamont[2]					
2015	**480,000**	**239,000**	**–**	**–**	**719,000**
2014	480,000	131,250	–	–	611,250
Neil Monaghan					
2015	**470,500**	**70,311**	**–**	**–**	**540,811**
2014	453,084	137,500	–	–	590,584
Michael Miller (until 30 September 2015)					
2015	**916,604**	**–**	**–**	**–**	**916,604**
2014	1,170,464	990,000	–	–	2,160,464
Martin Simons (until 11 May 2014)					
2015	**–**	**–**	**–**	**–**	**–**
2014	756,653	–	–	1,920,374	2,677,027
Total					
2015	**4,145,824**	**1,428,443**	**–**	**–**	**5,574,267**
2014	4,382,984	2,193,125	–	1,920,374	8,496,483

(1) Fixed remuneration comprises base salary and superannuation.

(2) Ms Lamont is a member of a defined benefit scheme and her fixed remuneration includes $80,000 of contributions to that scheme.

REMUNERATION REPORT

E) HOW REWARD WAS LINKED TO PERFORMANCE

Statutory performance indicators

The overall Company performance for 2015 is reflected in the performance indicators below. Viewed across the relevant financial metrics, APN's financial performance was ahead of expectations.

	2015	2014	2013	2012	2011
Group EBITDA(i)	$166.2m	$164.1m	$162.8m	$156.0m	$208.9m
Net profit after tax(i)	$70.2m	$74.7m	$59.5m	$54.3m	$78.2m
Basic EPS(i)(ii) (cents)	6.8	7.6	7.7	7.2	10.8
Increase/(decrease) in share price (%)	(37%)	86%	80%	(65%)	(63%)

(i) Before exceptional items
(ii) Adjusted for bonus element of 2014 rights issue

Performance and impact on remuneration

Group performance for the year ended 31 December 2015 was 3% above the agreed target for the primary financial metrics for the determination of the STI. At a divisional level, performance varied with ARN outperforming the agreed target and NZME and ARM both underperforming. Accordingly, the financial measures portion of the STI was reflected in the financial outcomes below.

Metric	Actual performance
Group net profit before tax	Between target and maximum
ARN EBITDA	Between target and maximum
NZME EBITDA	Below target
ARM EBITDA	Below target

Executive KMP	STI awarded in year (cash)	% of target achieved	% of maximum achieved	% of maximum forfeited
Ciaran Davis	440,000	110%	73%	27%
Jeff Howard	358,500	120%	68%	32%
Jane Hastings	320,632	108%	62%	38%
Yvette Lamont	239,000	120%	68%	32%
Neil Monaghan	70,311	56%	28%	72%

The first grant of Performance Rights under the LTI for the current Executive KMP was January 2014, with a corresponding vesting date of 31 December 2016. Therefore, there was no realised remuneration associated with the LTI for 2015.

(F) TOTAL REMUNERATION FOR EXECUTIVE KMP

Details of the Executive KMP remuneration for 2015 and 2014 are set out in the table below. The remuneration in this table has been calculated in accordance with accounting standards and therefore differs from the information included in section (d) of this report.

	Fixed remuneration ($)				Variable remuneration ($)			
	Cash salary and fees[1]	Super-annuation	Non-monetary benefits	Long-service leave[2]	Short-term incentive[3]	Fair value of LTI award[4]	Termination	Total ($)
Ciaran Davis (from 19 February 2014)								
2015	**840,788**	**19,045**	**41,246**	**36,117**	**440,000**	**310,089**	**–**	**1,687,285**
2014	455,382	14,783	33,723	6,999	342,188	161,423	–	1,014,499
Jeff Howard								
2015	**544,372**	**19,045**	**48,116**	**10,202**	**358,500**	**223,855**	**–**	**1,204,090**
2014	497,651	18,279	44,478	4,738	261,000	161,423	–	987,570
Jane Hastings[5]								
2015	**704,588**	**27,008**	**–**	**–**	**320,632**	**163,918**	**–**	**1,216,146**
2014	513,152	23,536	–	–	331,187	111,892	–	979,767
Tony Kendall (from 3 December 2015)								
2015	**46,684**	**4,435**	**–**	**–**	**–**	**–**	**–**	**51,119**
2014	–	–	–	–	–	–	–	–
Yvette Lamont[6]								
2015	**400,000**	**89,000**	**10,248**	**8,093**	**239,000**	**122,333**	**–**	**868,674**
2014	400,000	68,000	10,409	8,012	131,250	80,711	–	698,382
Neil Monaghan								
2015	**451,455**	**19,045**	**–**	**6,116**	**70,311**	**239,864**	**–**	**786,791**
2014	434,805	18,279	–	3,743	137,500	–	–	594,327
Michael Miller (until 30 September 2015)								
2015	**902,385**	**14,219**	**28,493**	**–**	**–**	**(403,068)**	**–**	**542,029**
2014	1,152,185	18,279	40,061	701	990,000	645,692	–	2,846,918
Martin Simons (until 11 May 2014)								
2015	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2014	720,529	36,124	68,545	–	–	–	1,920,374	2,745,571
Total								
2015	**3,890,272**	**191,797**	**128,103**	**60,528**	**1,428,443**	**656,991**	**–**	**6,356,134**
2014	4,173,703	197,281	197,216	24,193	2,193,125	1,161,141	1,920,374	9,867,033

(1) Cash salary and fees includes accrued annual leave paid out as part of salary.
(2) Long service leave relates to amounts accrued during the year.
(3) STI payments relate to STI awards accrued for the relevant year, and paid in the year following.
(4) Valuation of rights is conducted by an external accounting firm. Negative amounts relate to forfeiture of rights.
(5) The short term incentive paid to Ms Hastings in 2014 includes $138,000 in relation to the proposed IPO of NZME.
(6) Ms Lamont is a member of a defined benefit superannuation plan. The amount disclosed above has been determined in accordance with the relevant accounting standards and differs from the amounts contributed to the scheme, which were included in the table in section (d) of this report.

(G) CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMP

Remuneration and other terms of employment for the Executive KMP are formalised in employment contracts. All Executive KMP are employed under contracts with substantially similar terms. The key elements of these employment contracts are summarised below:

Contract duration	Continuing
Fixed remuneration	The CEO and other Executive KMP receive fixed remuneration, inclusive of superannuation, and benefits. Remuneration amounts for the CEO are reviewed annually by the Remuneration Committee. Remuneration for the Executive KMP is reviewed annually by the CEO, subject to approval of the Remuneration Committee.
Short-term incentives	In 2015, Executive KMP were eligible to receive an STI payment, weighted towards the financial performance of the Group or the relevant division and determined in accordance with the STI principles detailed in section (c) (ii) of this report.
Long-term incentives	In 2015, Executive KMP were eligible to participate in the Company's LTI plan at the Board's discretion.
Total Incentive Plan (TIP)	In 2016, the TIP will replace existing STI and LTI entitlements for all Executive KMP. Detail on the TIP is provided on pages 45 to 47 in the remuneration report.
Notice by individual / Company	Employment may be terminated by either party giving six months' notice (three months in the cases of Mr Monaghan and Ms Lamont).
Termination of employment (with cause)	All contracts provide that employment may be terminated at any time without notice for serious misconduct.
Termination of employment (without cause)	Where employment is terminated by the Company, payment may be made in lieu of notice.
Redundancy	If the Company terminates the employment of an Executive KMP for reasons of redundancy, a termination payment would be paid depending on the length of their service, in each case not exceeding the following amounts: Ms Lamont – 12 months base salary and all other Executive KMP – six months base salary.
Non-compete/restraint	Executive KMP are subject to non-compete provisions for the term of their notice period.

(H) NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Approach

Non-executive Directors are provided with written agreements. Non-executive Directors receive a fee for their contribution as Directors. Fees reflect the demands which are made on, and the responsibilities of, the Directors. The Remuneration Committee has the responsibility for reviewing and recommending the level of remuneration for Non-executive Directors in relation to Board and Committee duties.

Directors' fees were increased with effect from 1 July 2015. The last increase in Non-executive Director's fees occurred more than 10 years ago. The increase reflects changes in market fees.

The annual fees provided to Non-executive Directors inclusive of superannuation are shown below:

	Fees from 1 July 2015		Fees prior to 1 July 2015	
Role	Chair fee ($)	Member fee ($)	Chair fee ($)	Member fee ($)
Board	225,000	100,000	164,000	70,000
Audit & Risk Committee	20,000	10,000	20,000	10,000
Remuneration Committee	20,000	10,000	20,000	10,000
Nomination Committee	20,000	10,000	10,000	5,000

The Deputy Chair fee is $150,000 per annum. The Chair and Deputy Chair do not receive committee fees.

Approved fee pool

The Non-executive Director fee pool was increased to $1,200,000 following shareholder approval at the 2015 AGM.

Retirement benefits

Non-executive Directors may receive retirement benefits in accordance with the *Corporations Act 2001*. Retirement benefits to Non-executive Directors were frozen in 2007.

Details of the Non-executive Directors fees for 2015 and 2014 are set out in the table below.

	Fees ($)	Super-annuation ($)	Retirement benefits ($)	Total ($)
Director				
Peter Cosgrove				
2015	**177,732**	**16,768**	**–**	**194,500**
2014	153,414	10,586	–	164,000
Ted Harris AC				
2015	**136,987**	**13,013**	**–**	**150,000**
2014	137,143	12,857	–	150,000
Sir John Anderson (from 26 March 2015)				
2015	**68,592**	**6,516**	**–**	**75,108**
2014	–	–	–	–
Paul Connolly				
2015	**93,607**	**8,893**	**–**	**102,500**
2014	80,304	4,696	–	85,000
Vincent Crowley (to 6 May 2015)				
2015	**25,512**	**2,424**	**–**	**27,936**
2014	75,396	4,604	–	80,000
Peter Cullinane				
2015	**95,890**	**9,110**	**–**	**105,000**
2014	78,072	7,325	–	85,397
Christine Holman (from 16 November 2015)				
2015	**12,027**	**1,142**	**–**	**13,169**
2014	–	–	–	–
Anne Templeman-Jones				
2015	**105,023**	**9,977**	**–**	**115,000**
2014	91,429	8,571	–	100,000
Total				
2015	**715,370**	**67,843**	**–**	**783,213**
2014	615,758	48,639	–	664,397
Amounts paid by subsidiaries of APN News & Media Limited				
Peter Cosgrove – Chairman's fee Buspak Hong Kong				
2015	**10,288**	**–**	**–**	**10,288**
2014	8,574	–	–	8,574
Total				
2015	**725,658**	**67,843**	**–**	**793,501**
2014	624,332	48,640	–	672,972

Note:
– Refer to note 6.4 of the consolidated financial statements for details of transactions with related parties.

(I) SHARE-BASED REMUNERATION

(i) Terms and conditions of share-based remuneration

There were no shares issued to Directors and Executive KMP as part of their remuneration for 2015.

Some Executive KMP received a grant of Performance Rights during 2015. A summary of the grant is presented below:

Name	Grant date	Vesting date	Number of rights granted	Value per right at grant date	% vested
Ciaran Davis	21 August 2015	31 December 2017	874,503	$0.51	0%
Jeff Howard	21 August 2015	31 December 2017	367,246	$0.51	0%
Jane Hastings	21 August 2015	31 December 2017	306,039	$0.51	0%
Yvette Lamont	21 August 2015	31 December 2017	244,831	$0.51	0%
Neil Monaghan	21 August 2015	31 December 2017	306,039	$0.51	0%

In addition Mr Monaghan was granted rights as follows which have terms consistent with those issued in 2014.

Name	Grant date	Vesting date	Number of rights granted	Value per right at grant date	% vested
Neil Monaghan	22 June 2015	31 December 2016	352,195	$0.80	0%

The vesting of rights is subject to the achievement of performance conditions as set out in the LTI description of the Executive remuneration policy and framework, and the role of the Remuneration Committee section of this report. Rights carry no dividend or voting rights. No rights were exercised during the year.

There are no rights to deferred share options or deferred shares.

(ii) Reconciliation of Performance Rights

The table below shows a reconciliation of the number of Performance Rights held by each Executive KMP from the beginning to the end of the 2015 financial year:

							Balance at end of the year	
Name	Balance at start of the year	Granted	Vested	Exercised	Forfeited	Other changes	Vested and exercisable at end of the year	Un-vested
Ciaran Davis	704,391	874,503	–	–	–	–	–	1,578,894
Jeff Howard	704,391	367,246	–	–	–	–	–	1,071,637
Jane Hastings	488,255	306,039	–	–	–	–	–	794,294
Tony Kendall	–	–	–	–	–	–	–	–
Yvette Lamont	352,195	244,831	–	–	–	–	–	597,026
Neil Monaghan	–	658,234	–	–	–	–	–	658,234
Michael Miller	2,817,563	–	–	–	(2,817,563)	–	–	–

(J) DIRECTOR AND EXECUTIVE KMP SHAREHOLDINGS

The number of shares in the Company held by each Director and Executive KMP during the year including their related parties is summarised below:

	Balance at start of year	Changes	Balance at the end of the year
Non-executive Directors			
Peter Cosgrove	238,662	150,000	388,662
Ted Harris	637,455	–	637,455
Sir John Anderson[1]	–	100,000	100,000
Paul Connolly	250,000	–	250,000
Vincent Crowley[2]	1,182,851	–	1,182,851
Peter Cullinane	79,000	–	79,000
Christine Holman[3]	–	–	–
Anne Templeman-Jones	–	6,122	6,122
Executive KMP			
Ciaran Davis	–	–	–
Jeff Howard	223,484	–	223,484
Jane Hastings	–	–	–
Tony Kendall[4]	–	–	–
Yvette Lamont	65,000	–	65,000
Neil Monaghan	350	–	350
Michael Miller[5]	155,556	–	155,556

(1) Sir John Anderson was appointed as a Director on 26 March 2015. The balance at the start of the year is the balance held at that date.
(2) Vincent Crowley retired as a Director on 6 May 2015. The balance at the end of the year is the balance held at that date.
(3) Christine Holman was appointed as a Director on 16 November 2015. The balance at the start of the year is the balance held at that date.
(4) Tony Kendall was appointed Chief Executive Officer of the Australian Radio Network on 3 December 2015. The balance at the start of the year is the balance held at that date.
(5) Michael Miller resigned with effect from 30 September 2015. The closing balance in the table above is the number of shares held on that date.

(K) OTHER STATUTORY DISCLOSURES

i) Loans given to Non-executive Directors and Executive KMP

There are no loans with the Non-executive Directors or Executive KMP

ii) Securities Trading Policy and Guidelines

The Company's Securities Trading Policy and Guidelines is outlined in the Corporate Governance Statement section of this Annual Report. Under the policy, restricted persons, which includes KMP, are not permitted to hedge any options, rights or similar instruments prior to them becoming vested or otherwise tradable under the applicable plan.

iii) Voting and comments made at the Company's 2015 AGM

The Company received more than 88% of "yes" votes on its remuneration report for the 2014 financial year. No major remuneration related concerns were raised which required the Company's attention during the 2015 financial year.

iv) External remuneration consultants

During 2015, APN made use of external remuneration consultants. No recommendations in relation to KMP remuneration were provided during 2015.

APN commissioned an external consultant to provide market information on non-executive directors' fees, and referenced the market information in determining to increase fees. No recommendations were made by the consultant.

All advice from remuneration consultants is carefully considered by the Remuneration Committee. The Committee is satisfied that all advice received from remuneration consultants has been given free of undue influence by Executive KMP.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of APN News & Media Limited for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

MGraham

MK Graham
Partner
PricewaterhouseCoopers

Sydney
24 March 2016

ABOUT THE FINANCIAL STATEMENTS

APN News & Media Limited (Company) is a for profit company limited by ordinary shares which are publicly traded on the Australian Securities Exchange and the New Zealand Exchange. The financial statements are for the consolidated entity consisting of APN News & Media Limited and its subsidiaries (Group).

BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

All new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to Note 6.5 for further details.

The financial report is presented in Australian dollars which is the Company's functional and presentation currency.

It has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment.

The Company presents reclassified comparative information, where required, for consistency with the current year's presentation.

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

During the year, the financial report was revised to improve on readability, relevance and usefulness. This was done by the reordering of notes, revision of disclosures and removal of immaterial disclosures.

KEY JUDGEMENTS AND ESTIMATES

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 can be found in the following notes:

- Note 2.1 Intangible assets; and
- Note 4.1 Income tax and deferred tax

SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

During the current financial year, the financial position and performance of the Group was particularly affected by the following events and transactions:

- on 30 January 2015, the Group acquired 100% of Radio 96FM Perth Pty Limited from Fairfax Media. The purchase price was $78.0 million and was funded from cash and existing debt facilities (refer to note 5.1 for further details); and
- on 30 July 2015, the Group extended its debt facilities with a syndicate of domestic and international banks. The facility now matures in July 2019 (refer to note 3.1 for further details).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue from continuing operations	1.1	849,986	843,157
Other revenue and income	1.1	14,102	16,084
Total revenue and other income		864,088	859,241
Expenses from continuing operations before impairment, finance costs, depreciation and amortisation	1.2	(738,954)	(722,530)
Impairment of intangible assets	2.1	(50,804)	(49,678)
Finance costs	1.2	(35,510)	(41,822)
Depreciation and amortisation	1.2	(35,307)	(33,336)
Share of profits of associates	5.5	11,899	11,263
Profit before income tax		15,412	23,138
Income tax expense	4.1	(19,796)	(6,430)
Profit/(loss) from continuing operations		(4,384)	16,708
Profit from discontinued operations	6.1	–	2,417
Profit/(loss) for the year		(4,384)	19,125
Profit/(loss) for the year is attributable to:			
Owners of the parent entity		(10,202)	11,489
Non-controlling interests		5,818	7,636
Profit/(loss) for the year		(4,384)	19,125

		Cents	Cents
Earnings per share from continuing operations			
Basic/diluted earnings per share	1.4	(1.0)	0.9
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings per share	1.4	(1.0)	1.2

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Profit/(loss) for the year		(4,384)	19,125
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net exchange difference on translation of foreign operations	3.7	1,571	(1,325)
Share of joint venture's other comprehensive income	3.7	–	(1,103)
Share of associate's other comprehensive income	3.7	(1,023)	361
Change in fair value of hedges	3.7	(196)	–
Exchange and other differences applicable to non-controlling interests	3.7	–	(94)
Items that will not be reclassified to profit or loss			
Revaluation of freehold land and buildings	3.7	988	–
Remeasurements on retirement benefit obligations	3.7	431	(440)
Other comprehensive income, net of tax		1,771	(2,601)
Total comprehensive income		(2,613)	16,524
Total comprehensive income is attributable to:			
Owners of the parent entity		(8,431)	8,982
Non-controlling interests		5,818	7,542
		(2,613)	16,524
Total comprehensive income attributable to owners of the parent entity arises from:			
Continuing operations		(8,431)	7,556
Discontinued operations		–	1,426
		(8,431)	8,982

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	3.2	21,721	38,980
Receivables	2.3	127,220	129,494
Inventories		6,288	7,615
Income tax receivable		31	2,207
Other current assets		6,796	6,711
Total current assets		162,056	185,007
Non-current assets			
Shares in other corporations	5.4	32,077	26,352
Investments accounted for using the equity method	5.5	53,811	52,935
Property, plant and equipment	2.2	136,777	133,570
Intangible assets	2.1	712,057	690,627
Deferred tax assets	4.1	37,361	40,713
Total non-current assets		972,083	944,197
Total assets		1,134,139	1,129,204
Current liabilities			
Payables		115,861	107,450
Interest bearing liabilities	3.1	1,177	1,643
Current tax liabilities		1,509	1,609
Provisions	2.4	25,631	21,334
Total current liabilities		144,178	132,036
Non-current liabilities			
Payables		19,888	10,858
Interest bearing liabilities	3.1	470,236	487,666
Derivative liabilities		280	–
Retirement benefit liability		1,374	2,073
Provisions	2.4	6,435	4,380
Deferred tax liabilities	4.1	30,223	23,501
Total non-current liabilities		528,436	528,478
Total liabilities		672,614	660,514
Net assets		461,525	468,690
Equity			
Contributed equity	3.5	1,222,780	1,222,780
Reserves	3.7	(137,102)	(138,877)
Accumulated losses	3.7	(659,333)	(650,117)
Total parent entity interest		426,345	433,786
Non-controlling interests		35,180	34,904
Total equity		461,525	468,690

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		955,190	944,986
Payments to suppliers and employees		(812,068)	(825,709)
Dividends received		3,802	1,697
Interest received		439	573
Interest paid		(25,341)	(37,139)
Income taxes paid		(2,909)	(12,123)
Net cash inflows from operating activities	3.2	119,113	72,285
Cash flows from investing activities			
Payments for property, plant and equipment		(33,271)	(14,809)
Payments for software		(9,271)	(5,286)
Payments for other intangible assets		(4,535)	(9,183)
Proceeds from sale of property, plant and equipment		2,619	3,516
Acquisition of controlled entities		(76,104)	–
Net proceeds from sale of businesses		–	5,343
Net proceeds from sale of financial assets		–	74,370
Net loans repaid by/(advanced to) other entities		454	1,997
Dividends received from associate		10,000	9,500
Net cash inflows/(outflows) from investing activities		(110,108)	65,448
Cash flows from financing activities			
Proceeds from borrowings		126,263	865,266
Repayments of borrowings		(141,566)	(793,760)
Payments for borrowing costs		(6,006)	(8,992)
Principal repayments under finance leases		–	(38,872)
Proceeds from share issue		–	128,166
Payments to non-controlling interests		(6,030)	(271,422)
Net cash outflows from financing activities		(27,339)	(119,614)
Change in cash and cash equivalents		(18,334)	18,119
Cash and cash equivalents at beginning of the year		38,980	19,956
Effect of exchange rate changes		1,075	905
Cash and cash equivalents at end of the year	3.2	21,721	38,980

The Consolidated Statement of Cash Flows includes cash flows from continuing and discontinued operations.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

		Total parent entity interest					
	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		1,093,372	(70,503)	(664,299)	358,570	248,554	607,124
Profit for the period		–	–	11,489	11,489	7,636	19,125
Other comprehensive income		–	(2,067)	(440)	(2,507)	(94)	(2,601)
Contributions of equity	3.5	129,408	–	–	129,408	–	129,408
Share-based payments expense	3.7	–	1,295	–	1,295	–	1,295
Transfers within equity	3.7	–	(3,133)	3,133	–	–	–
Transactions with non-controlling interests	3.7	–	(64,469)	–	(64,469)	(221,192)	(285,661)
Balance at 31 December 2014		1,222,780	(138,877)	(650,117)	433,786	34,904	468,690
Balance at 1 January 2015		1,222,780	(138,877)	(650,117)	433,786	34,904	468,690
Profit/(loss) for the period		–	–	(10,202)	(10,202)	5,818	(4,384)
Other comprehensive income		–	1,340	431	1,771	–	1,771
Share-based payments expense	3.7	–	990	–	990	–	990
Transfers within equity	3.7	–	(555)	555	–	–	–
Transactions with non-controlling interests	3.7	–	–	–	–	(5,542)	(5,542)
Balance at 31 December 2015		1,222,780	(137,102)	(659,333)	426,345	35,180	461,525

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.1 REVENUES

	2015 $'000	2014 $'000
Revenue and other income		
From continuing operations		
Advertising revenue	677,402	667,292
Circulation and subscription revenue	118,479	123,331
Services revenue	37,612	39,081
Other revenue	16,493	13,453
Revenue from continuing operations	849,986	843,157
Dividends received	3,746	1,756
Rent received	1,023	843
Gains on financial assets held at fair value through profit or loss	6,568	4,097
Gains on disposal of properties and businesses	410	5,759
Gain on insurance claim	1,289	–
Foreign exchange gains	–	2,161
Other	627	29
Other income	13,663	14,645
Interest income	439	1,439
Finance income	439	1,439
Total other revenue and income	14,102	16,084
Total revenue and other income	864,088	859,241
From discontinued operations (refer note 6.1)		
Total revenue and other income	–	11,082

Accounting policy

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, rebates and taxes paid.

The Group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that the economic benefits will flow to the Group; and
- the criteria for revenue recognition has been satisfied.

Advertising revenue is recognised when the advertisement is published or broadcast, when the coupon is sold, or over the period the advertisement is displayed.

Circulation and subscription revenue is recognised when the publication is purchased or on a straight-line basis over the subscription period.

Services revenue is recognised by reference to the stage of completion of the transaction, when it can be measured reliably. Services revenue includes printing, production and installation.

Other revenue includes sponsorship and royalties.

The IASB has issued IFRS 15 *Revenue from Contracts with Customers*, a new standard for the recognition of revenue, replacing IAS 18 *Revenue* which covers contracts for goods and services. It applies to annual reporting periods commencing on or after 1 January 2018. The AASB has issued an equivalent standard. The Group is still assessing the impact of the new rules on its revenue recognition policies and at this stage is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.2 EXPENSES

	Note	2015 $'000	2014 $'000
From continuing operations			
Employee benefits expense		346,736	332,731
Production and distribution expense		142,632	144,540
Selling and marketing expense		101,377	102,876
Rental and occupancy expense		64,938	67,232
Repairs and maintenance costs		9,990	8,555
Travel and entertainment costs		8,717	7,505
Onerous contract costs	2.4	13,342	–
Redundancies and associated costs	2.4	11,911	8,940
Asset write downs and business closures		3,929	8,442
Acquisition costs		1,304	–
Costs relating to one off projects	1.3	4,556	8,106
Losses on disposal of property		236	–
Other expenses		29,286	33,603
Total expenses before impairment, finance costs, depreciation and amortisation		738,954	722,530
Interest and finance charges		30,365	36,561
Borrowing costs amortisation		5,145	5,261
Total finance costs		35,510	41,822
Depreciation		23,936	24,491
Amortisation		11,371	8,845
Total depreciation and amortisation		35,307	33,336
Rental expense relating to operating leases		53,032	55,727
Impairment of receivables		1,521	1,353
Contributions to employee superannuation plans		16,607	15,833
From discontinued operations			
Total expenses excluding write downs to fair value	6.1	–	5,866

1.3 SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports reviewed 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:

Reportable segment	Principal activities
NZME Publishing	Newspaper, magazine, online publishing and events (New Zealand)
NZME Radio	Radio networks (New Zealand)
GrabOne	eCommerce business (New Zealand)
Australian Regional Media	Newspaper and online publishing (Australia)
Australian Radio Network	Metropolitan radio networks (Australia)
Outdoor	Street furniture, billboard, transit and other outdoor advertising

The Directors and senior management team assess the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations which excludes the effects of exceptional items such as gains or losses on disposals of businesses and restructuring related costs.

The NZME Publishing segment includes the costs associated with the NZME group executive team and also other staff working in integrated functions.

(b) Results by operating segment

The segment information provided to the Directors and senior management team for the year ended 31 December 2015 is as follows:

2015 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	274,621	111,741	16,106	188,485	221,082	37,951	–	**849,986**
Share of profits of associates	–	–	–	–	–	9,395	2,504	**11,899**
Segment result	42,952	22,545	4,146	18,376	82,838	9,835	(14,496)	**166,196**
Segment assets	241,228	181,503	27,034	79,909	489,752	56,499	58,214	**1,134,139**
Segment liabilities	54,218	14,927	4,691	27,455	40,539	17,780	513,004	**672,614**
Reconciliation of segment result to profit before income tax from continuing operations								
Segment result								**166,196**
Depreciation and amortisation								(35,307)
Net finance costs[A]								(35,071)
Gains on financial assets held at fair value through profit or loss[B]								3,977
Gains on disposal of properties and businesses[C]								174
Gain on insurance claim[D]								1,289
Onerous contract costs[E]								(13,342)
Redundancies and associated costs[F]								(11,911)
Asset write downs[G]								(3,929)
Acquisition costs[H]								(1,304)
Costs relating to one off projects[I]								(4,556)
Impairment of intangible assets[J]								(50,804)
Profit before tax from continuing operations								**15,412**

Explanation of statutory adjustments

A Net finance costs include $3.3 million relating to the write off of previously capitalised borrowing costs and one off costs associated with the recent refinancing of the Group's debt facilities.

B Gains on financial assets held at fair value through profit or loss refer to gain on the Group's interest in Nova 93.7, an FM radio station in Perth, Western Australia.

C Gains on disposal of properties and businesses is the gain on sale of an NZME property in Invercargill, New Zealand offset by loss on sale of ARM property in Rockhampton.

D Gain on insurance claim refers to claims made to cover the costs of repair of damage to printing press equipment.

E The onerous contract costs relate to a provision for the onerous elements of the Buzplay bus advertising contract in Hong Kong.

F The redundancies and associated costs relate to the restructuring of the Group's publishing divisions and integration of the New Zealand operations.

G The asset write downs include the write off of Hong Kong Outdoor assets following the loss of the bus body advertising contract with effect from 30 June 2015, and a write off of leasehold improvements in NZME as a result of the office co-location.

H Acquisition costs are the costs associated with the acquisition of Radio Perth 96FM Pty Limited.

I The costs related to one off projects refers primarily to costs of external consultants assisting with the integration and co-location in New Zealand.

J Refer to Note 2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.3 SEGMENT INFORMATION (CONTINUED)

2014 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	274,346	116,849	19,037	202,093	180,931	49,901	–	**843,157**
Share of profits of associates	–	–	–	–	–	9,555	1,708	**11,263**
Segment result	47,962	23,102	4,015	25,036	66,488	14,267	(16,767)	**164,103**
Segment assets	239,575	174,053	27,254	144,192	398,723	67,445	77,962	**1,129,204**
Segment liabilities	41,223	12,023	5,041	23,793	76,596	9,074	492,764	**660,514**
Reconciliation of segment result to profit before income tax from continuing operations								
Segment result								164,103
Depreciation and amortisation								(33,336)
Net finance costs[A]								(40,383)
Gain on disposal of properties and businesses[B]								5,759
Redundancies and associated costs[C]								(8,940)
Asset write downs and business closures[D]								(8,442)
Costs in relation to one off projects[E]								(8,106)
Foreign exchange gains								2,161
Impairment of intangible assets								(49,678)
Profit before tax from continuing operations								23,138

Explanation of statutory adjustments

A Net finance costs include an early redemption premium paid to holders of the New Zealand retail notes redeemed during the year of $1.8 million; and the write off of unamortised borrowing costs associated with the previous financing arrangements of $2.4 million. The costs associated with the new syndicated banking facility have been capitalised and will be amortised over the life of the facility.

B Gain on disposal of properties and businesses primarily relate to the gain on the sale of the NZ Magazines business to Bauer Media in February 2014.

C Redundancies and associated costs relate to restructuring of our publishing divisions and integration of our New Zealand operations

D Asset write downs and business closures relate primarily to the closure of the Toowoomba print site scheduled for late 2015 and the onerous lease obligations for vacated properties.

E The costs related to one off projects relate to costs incurred exploring the US bond issue during the year; costs related to the proposed NZME IPO process and costs related to the integration of NZME.

Accounting policy

Segment revenues and expenses comprise amounts that are directly attributable to a segment and the relevant portion that can be allocated on a reasonable basis. Corporate overheads, including centralised finance, legal and administrative costs, are not allocated against operating segments but rather are included above as unallocated amounts.

Segment revenues and results exclude transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

(c) Other segment information

The Group is domiciled in Australia and operates predominantly in Australia, New Zealand and Asia. Revenue from external customers in Australia is $409,591,000 (2014: $383,024,000), in New Zealand is $402,445,000 (2014: $410,232,000) and in Asia is $37,950,000 (2014: $49,901,000). Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets located in Australia is $541,545,000 (2014: $505,973,000) and in other countries is $430,538,000 (2014: $438,224,000). Segment assets are allocated to countries based on where the assets are located.

1.4 EARNINGS PER SHARE

	2015 $'000	2014 $'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit/(loss) from continuing operations attributable to owners of the parent entity	(10,202)	8,960
Profit from discontinued operations attributable to owners of the parent entity	–	2,529
Profit/(loss) attributable to owners of the parent entity used in calculating basic/diluted EPS	(10,202)	11,489

	Number	Number
(b) Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic EPS	1,029,041,356	981,277,290
Adjusted for calculation of diluted EPS	–	–
Weighted average number of shares used as the denominator in calculating diluted EPS	1,029,041,356	981,277,290

Accounting policy

Basic earnings per share

Basic earnings per share is determined by dividing:

- the net profit or loss attributable to owners of the Company; by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2. OPERATING ASSETS AND LIABILITIES

2.1 INTANGIBLE ASSETS

2014 $'000	Goodwill	Software	Mastheads	Radio licences	Brands	Total
Cost	274,927	48,313	1,184,606	383,060	56,379	1,947,285
Accumulated amortisation and impairment	(193,493)	(38,246)	(996,059)	(28,860)	–	(1,256,658)
Net book amount	**81,434**	**10,067**	**188,547**	**354,200**	**56,379**	**690,627**
Movements						
Opening net book amount	79,266	10,376	231,096	339,614	54,503	714,855
Additions	–	5,286	2,609	16,060	–	23,955
Disposals	(198)	(36)	–	–	–	(234)
Amortisation	–	(5,838)	–	(3,007)	–	(8,845)
Impairment	–	–	(49,678)	–	–	(49,678)
Foreign exchange differences	2,366	279	4,520	1,533	1,876	10,574
Closing net book amount	**81,434**	**10,067**	**188,547**	**354,200**	**56,379**	**690,627**

2015 $'000	Goodwill	Software	Mastheads	Radio licences	Brands	Total
Cost	284,321	53,809	1,159,182	448,970	55,327	2,001,609
Accumulated amortisation and impairment	(193,493)	(42,527)	(1,021,563)	(31,969)	–	(1,289,552)
Net book amount	**90,828**	**11,282**	**137,619**	**417,001**	**55,327**	**712,057**
Movements						
Opening net book amount	81,434	10,067	188,547	354,200	56,379	690,627
Additions	–	9,271	–	–	–	9,271
Acquisition of controlled entities	10,444	–	2,500	67,305	–	80,249
Disposals	–	(175)	–	–	–	(175)
Amortisation	–	(7,756)	–	(3,615)	–	(11,371)
Impairment	–	–	(50,804)	–	–	(50,804)
Foreign exchange differences	(1,050)	(125)	(2,624)	(889)	(1,052)	(5,740)
Closing net book amount	**90,828**	**11,282**	**137,619**	**417,001**	**55,327**	**712,057**

Accounting policy

Summary of goodwill and other intangible assets

Asset	Useful life	Amortisation method	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Software	3-5 years	Straight line basis	Internally generated and acquired
Mastheads (newspapers)	Indefinite	No amortisation	Acquired
Radio licenses – Australia	Indefinite	No amortisation	Acquired
Radio licenses – New Zealand	Up to 31 March 2031	Straight line basis	Acquired
Brands	Indefinite	No amortisation	Acquired

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised but rather is subject to periodic impairment testing as described below.

Software

Costs incurred in developing systems, acquiring software and licenses are capitalised to software. Costs capitalised include materials, services, payroll and payroll related costs of employees involved in development. Amortisation is calculated on a straight line basis over the useful life of the asset.

Mastheads

Mastheads refer to the titles of the newspapers and magazines produced by the Group. They are accounted for as identifiable assets and are brought to account at cost. The Directors believe the mastheads have indefinite lives as there is no foreseeable limit over which the mastheads are expected to generate net cash inflows for the Group. Accordingly, no amortisation has been provided against the carrying amount.

Radio Licences – Australia

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

Radio Licences – New Zealand

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The current New Zealand radio licences have been renewed to 31 March 2031 and are being amortised on a straight line basis to that date.

Brands

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

Year-end impairment review

Key judgements and estimates

The Group annually tests whether goodwill and other non-amortising intangible assets have suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell, or value in use calculations. These calculations require the use of assumptions. Refer below for details of these assumptions and the potential impact of changes to these assumptions.

2.1 INTANGIBLE ASSETS (CONTINUED)

Allocation of goodwill and other non-amortising intangible assets to cash generating units (CGUs)

Name of CGU	2015 Goodwill $'000	2015 Other non-amortising intangibles $'000	2014 Goodwill $'000	2014 Other non-amortising intangibles $'000
NZME Publishing – Metro	514	137,618	–	140,245
NZME Radio	45,977	51,168	46,855	52,144
GrabOne	19,784	4,150	20,162	4,235
Australian Regional Media	–	–	–	48,304
Australian Radio Network	21,499	367,451	11,565	300,151
Outdoor – Hong Kong	3,054	–	2,852	–
Total	90,828	560,387	81,434	545,079

(i) Impairment of CGUs including indefinite life intangible assets

It was determined that there were indicators of impairment of Australian publishing assets as operating performance was below expectations in the fourth quarter of the year and there was a deterioration of the trading outlook. In accordance with AASB 136 *Impairment of Assets,* management performed an impairment review of the respective CGU.

As a result of the review, the carrying amount of mastheads allocated to the Australia Regional Media CGU was reduced to its recoverable amounts through the recognition of an impairment charge of $50.8 million.

(ii) Key assumptions

A comprehensive impairment review was conducted at 31 December 2015. The recoverable amount of each CGU that includes goodwill or indefinite life intangible assets was reviewed. The recoverable amount of each CGU is determined based on value in use calculations, using management budgets and forecasts for a three year period after adjusting for central overheads. Cash flows beyond three years are extrapolated at growth rates not exceeding the long-term average growth rate for the industry in which the CGU operates. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

In calculating value in use, the key assumptions used in each calculation are:

Cashflows

Year 1 cash flows	Based on Board approved annual budget.
Years 2 & 3 cash flows	Revenue forecasts are prepared based on management's current assessment for each CGU, with consideration given to internal information and relevant external industry data and analysis. In general: – Traditional publishing revenues are forecast to decline in line with recent experience and industry trends. – Digital revenues are forecast to grow at rates in line with industry trends and independent forecasts. – Market growth in each Radio CGU is forecast across the cash flow period. Revenue forecasts assume each CGU will secure additional market share or reclaim lost market share through continued investment in content, marketing and operations. – Expenses are forecast on a detailed basis, based on their nature. Variable costs are forecast to move in line with revenue movements. Personnel costs are forecast to move in line with headcount and adjusted for expected inflation. Other costs are forecast based on management expectations, taking into account existing contractual arrangements.

Discount rate and long term growth rate

Name of CGU	2015 Post-tax discount rate per annum	2015 Long-term growth rate per annum	2014 Post-tax discount rate per annum	2014 Long-term growth rate per annum
NZME Publishing – Metro	10.5%	0.0%	10.5%	0.0%
NZME Radio	10.5%	2.0%	10.5%	2.0%
GrabOne	10.5%	0.0%	10.5%	2.5%
Australian Regional Media	10.0%	0.0%	10.0%	0.0%
Australian Radio Network	10.0%	2.0%	10.0%	2.0%
Outdoor – Hong Kong	10.5%	2.5%	10.5%	2.5%

(iii) Impact of a reasonably possible change in key assumptions

Value in use calculations are highly sensitive to changes in certain key assumptions. For the Australian Regional Media CGU, the carrying amount is equal to the value in use and therefore a change in any of the key assumptions could give rise to a further impairment charge.

For NZME Publishing – Metro and GrabOne there is limited headroom such that a change in any of the key assumptions in isolation could potentially result in the CGU's carrying value being in excess of its value in use.

The carrying value of each CGU would equal its value in use if any of the key assumptions, in isolation, changed as follows:

NZME Publishing – Metro	
Discount rate	increase from 10.5% to 11.1%
Long term growth rate	decrease from 0% to -0.7%
Terminal EBITDA forecast	decrease of 4.5%

GrabOne	
Discount rate	increase from 10.5% to 10.7%
Long term growth rate	decrease from 0% to -0.3%
Terminal EBITDA forecast	decrease of 2.3%

Accounting policy

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that they may be impaired. Assets that are subject to amortisation are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.2 PROPERTY, PLANT AND EQUIPMENT

2014 $'000	Freehold land	Buildings	Plant and equipment	Plant and equipment under finance lease	Total
Cost or fair value	3,262	7,355	503,524	–	514,141
Accumulated depreciation and impairment	–	(609)	(386,403)	–	(387,012)
Capital works in progress	–	–	6,441	–	6,441
Net book amount	3,262	6,746	123,562	–	133,570
Movements					
Opening net book amount	5,299	7,770	101,841	34,471	149,381
Additions	–	60	13,301	–	13,361
Disposals	(2,115)	(773)	(304)	–	(3,192)
Depreciation	–	(333)	(22,303)	(1,938)	(24,574)
Impairment	–	–	(3,889)	–	(3,889)
Transfers and other adjustments	–	–	32,533	(32,533)	-
Foreign exchange differences	78	22	2,383	–	2,483
Closing net book amount	3,262	6,746	123,562	–	133,570

2015 $'000	Freehold land	Buildings	Plant and equipment	Plant and equipment under finance lease	Total
Cost or fair value	2,799	5,287	488,355	–	496,441
Accumulated depreciation and impairment	–	–	(372,238)	–	(372,238)
Capital works in progress	–	–	12,574	–	12,574
Net book amount	2,799	5,287	128,691	–	136,777
Movements					
Opening net book amount	3,262	6,746	123,562	–	133,570
Additions	–	29	33,286	–	33,315
Acquisition of controlled entities	–	–	396	–	396
Disposals	(617)	(2,372)	(3,095)	–	(6,084)
Depreciation	–	(369)	(23,567)	–	(23,936)
Impairment	–	–	(792)	–	(792)
Foreign exchange differences	(54)	(48)	(1,099)	–	(1,201)
Revaluations	208	1,301	–	–	1,509
Closing net book amount	2,799	5,287	128,691	–	136,777

Accounting policy

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

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

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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Impairment of assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to depreciation (amortisation) are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.3 RECEIVABLES

	2015 $'000	2014 $'000
Current		
Trade receivables	119,112	121,865
Provision for doubtful debts	(2,896)	(2,863)
	116,216	119,002
Loans to associates	240	490
Other receivables	10,764	10,002
Total current receivables	127,220	129,494
Movements in the provision for doubtful debts are as follows:		
Balance at beginning of the year	2,863	2,836
Provision of doubtful debts expenses	1,521	1,353
Receivables written off	(1,488)	(1,326)
Provision for doubtful debts	2,896	2,863

2.3 RECEIVABLES (CONTINUED)

Refer below for an analysis of the ageing of the Group's trade receivables net of provision for doubtful debts:

		Past due				
	Current $'000	Less than one month $'000	One to three months $'000	Three to six months $'000	Over six months $'000	Total $'000
2014						
Trade receivables	88,840	23,534	5,861	1,930	1,700	121,865
Provision for doubtful debts	(361)	(453)	(757)	(737)	(555)	(2,863)
	88,479	23,081	5,104	1,193	1,145	119,002
2015						
Trade receivables	76,890	29,589	7,837	2,161	2,635	119,112
Provision for doubtful debts	(300)	(455)	(501)	(908)	(732)	(2,896)
	76,590	29,134	7,336	1,253	1,903	116,216

As at 31 December 2015, trade receivables of $24,227,000 (2014: $27,669,000) were past due but not impaired.

Based on the credit history of the trade receivables, it is expected that these amounts will be received. All other receivables are not past due and not considered impaired.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. The Group does not hold any collateral as security. Refer to note 3.3 for credit risk and note 3.4 for fair value information.

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. Trade receivables are generally settled within 30 to 45 days.

A provision for doubtful debts is recognised when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. The amount of loss is recognised in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

2.4 PROVISIONS

	2015 $'000	2014 $'000
Current		
Employee benefits	17,835	17,192
Onerous contracts	7,433	1,146
Restructuring	113	1,978
Contingent consideration	250	750
Other	–	268
Total current provisions	25,631	21,334
Non-current		
Employee benefits	1,837	1,828
Onerous contracts	3,977	1,816
Other	621	736
Total non-current provisions	6,435	4,380

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Onerous contracts $'000	Restructuring $'000	Contingent consideration $'000	Other $'000	Total $'000
2015					
Carrying amount at beginning of the year	2,962	1,978	750	1,004	**6,694**
Charged to profit or loss					
Additional amounts recognised	14,219	–	–	186	**14,405**
Amounts used	(6,060)	(1,864)	(500)	(569)	**(8,993)**
Foreign exchange differences	289	(1)	–	–	**288**
Carrying amount at end of the year	11,410	113	250	621	**12,394**

The onerous contracts provision relates primarily to a provision for the onerous elements of the Buzplay bus advertising contract in Hong Kong and onerous rental contracts related to closure of certain commercial printing operations.

The restructuring provision includes expected redundancy costs related to formally announced restructuring plans.

The contingent consideration provision comprises the fair value of amounts payable on business combinations should certain pre-determined thresholds be met by the acquired businesses.

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and long service leave, in respect of employees' services up to the reporting date expected to be settled wholly within 12 months from the reporting date are recognised in current provisions and are measured at the amounts expected to be paid when settled.

Liabilities for annual leave and long service leave expected to be settled more than 12 months from the reporting date are recognised in non-current provisions and are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

Provision for onerous contracts represents contracts where the expected economic benefit is lower than the cost for which the Group is currently committed under the terms of the contract. The minimal net obligation under the contract is provided for. The provision is calculated as the net of the estimated revenue and the estimate of the committed cost discounted to present value.

Restructuring

Provision for restructuring is recognised when the Group has developed a detailed plan for the restructuring and has raised a valid expectation in those affected by the restructuring that the restructuring will occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.1 INTEREST BEARING LIABILITIES

	2015 $'000	2014 $'000
Current interest bearing liabilities		
Loan payable	1,177	1,643
Total current interest bearing liabilities	1,177	1,643
Non current interest bearing liabilities		
Bank loans – secured	476,054	493,924
Loan payable	–	1,200
	476,054	495,124
Deduct:		
Borrowing costs	10,267	8,352
Accumulated amortisation	(4,449)	(894)
Net borrowing costs	5,818	7,458
Total non-current interest bearing liabilities	470,236	487,666
Net debt		
Current interest bearing liabilities	1,177	1,643
Non-current interest bearing liabilities	470,236	487,666
Net borrowing costs	5,818	7,458
Cash and cash equivalents	(21,721)	(38,980)
Net debt	455,510	457,787

Bank loans – secured

The Group extended its debt facilities with a syndicate of domestic and international banks in July 2015. The facility now matures in July 2019. The interest rate for the drawn facility is the applicable bank screen rate plus credit margin.

The Group has available an A$645,000,000 and HK$50,000,000 revolving cash advance facility of which A$25,000,000 and HK$50,000,000 are available for letters of credit. At 31 December 2015, the Group has used $482,851,000 of the facility (2014: $497,647,000).

(a) Risk exposures

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

	Six months or less $'000	Six to 12 months $'000	One to five years $'000	Greater than five years $'000	Total $'000
2014	493,924	1,643	1,200	–	496,767
2015	376,054	1,177	100,000	–	477,231

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

	2015 $'000	2014 $'000
Australian dollars	301,000	284,000
New Zealand dollars	173,931	212,767
Hong Kong dollars	2,300	–
Interest bearing liabilities	477,231	496,767

For an analysis of the sensitivity of borrowings to interest rate risk, refer note 3.3.

(b) Capital risk management

The Group is focused on safeguarding its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an optimal capital structure, the Group may:

- adjust the amount of dividends paid to shareholders;
- return capital to shareholders;
- issue new shares; or
- sell assets to reduce debt.

(c) Standby arrangements and credit facilities

Entities in the Group have access to:	2015 $'000	2014 $'000
Loan facilities		
Secured bank loan facilities	653,850	630,000
Amount of facility utilised	(482,851)	(497,647)
Amount of available facility	170,999	132,353
Overdraft facilities		
Secured bank overdraft facilities	2,000	2,000
Unsecured bank overdraft facilities	5,745	5,178
Amount of credit utilised	–	–
Amount of available credit	7,745	7,178

Accounting policy

Interest bearing liabilities are initially recognised at fair value less attributable transaction costs and subsequently measured at amortised cost. Any difference between cost and redemption value is recognised in the income statement over the period of the borrowing on an effective interest basis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.2 CASH FLOW INFORMATION

Reconciliation of cash

	2015 $'000	2014 $'000
Cash at end of the year, as shown in the statement of cash flows, comprises:		
Cash at bank, and on hand	21,721	38,980
The below reconciliation relates to both continued and discontinued operations.		
Reconciliation of profit/(loss) for the year to net cash inflows from operating activities:		
Profit/(loss) for the year	(4,384)	19,125
Depreciation and amortisation expense	35,307	33,415
Borrowing cost amortisation	3,554	2,835
Share of profits of associates	(11,899)	(11,263)
Foreign exchange gains	–	(2,161)
Other non-cash items	(68)	(517)
Amounts credited to provisions against assets (other non-cash items)	–	(35)
NZ Bond redemption fee classified as borrowing cost	–	1,840
Share-based payments expense	990	1,295
Net gain on sale of non-current assets	(579)	(6,428)
Fair value gains on financial assets	(6,568)	(4,097)
Impairment expense	50,804	49,678
Asset write downs and business closures	6,354	1,786
Changes in assets and liabilities net of effect of acquisitions:		
Trade and other receivables	14,051	(4,698)
Inventories	1,316	153
Prepayments	135	2,139
Change in current payable/deferred tax	16,887	(2,894)
Trade and other payables and employee benefits	13,213	(7,888)
Net cash inflows from operating activities	119,113	72,285

Accounting policy

For the purposes of presentation on the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, net of bank overdrafts.

3.3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

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

(a) Market risk

(i) Cash flow and fair value interest rate risk

Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. Group policy is to maintain a mix of fixed and variable rate borrowings using interest rate swap arrangements where necessary.

Based on the outstanding net floating debt and interest rate swaps as at 31 December 2015, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by $2.5 million lower/higher (2014: $3.3 million lower/higher). The parent entity has no significant exposure to a change in interest rates.

(ii) Foreign exchange risk

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

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

(iii) Price risk

The Group is not exposed to significant price risk.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board.

For other customers, the maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. Risk control involves the assessment of the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Credit risk further arises in relation to financial guarantees given to certain parties (refer note 5.6 for details).

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on derivative financial instruments with unrealised gains. At reporting date, no amount was receivable (Australian dollar equivalents) for the Group from forward exchange contracts (2014: $nil). The Group undertakes all of its transactions in foreign exchange contracts with financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

The tables below analyse the Group's financial liabilities, including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using current interest rates applicable at the reporting date.

2014	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative financial liabilities				
Trade and other payables	107,450	6,000	–	–
Bank loans (including interest to maturity)	29,314	28,689	523,769	–
Other loans	404	–	–	–
Total non-derivatives	137,168	34,689	523,769	–
Less: interest	(27,671)	(27,490)	(29,844)	–
Total financial liabilities	109,497	7,199	493,925	–

2015	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative financial liabilities				
Trade and other payables(i)	96,485	4,000	–	–
Bank loans (including interest to maturity)	24,226	23,000	510,585	–
Other loans	270	–	–	–
Total non-derivatives	120,981	27,000	510,585	–
Derivative financial liabilities				
Net settled interest rate swaps	12	16	28	–
Total derivatives	12	16	28	–
Less: interest	(23,061)	(23,016)	(34,559)	–
Total financial liabilities	97,932	4,000	476,054	–

(i) The carrying amount of trade and other payables excludes $19,106,000 of current and $15,888,000 of non-current amounts as they do not meet the definition of a financial liability under Australian Accounting Standards.

Details of credit standby arrangements and loan facilities are included in note 3.1.

3.4 FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss;
- derivative financial instruments;
- available-for-sale financial assets;
- land and buildings; and
- investment properties

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015:

2014	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.4	–	–	26,352	**26,352**
Total financial assets		–	–	26,352	**26,352**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	3,262	**3,262**
Buildings	2.2	–	–	6,746	**6,746**
Total non-financial assets		–	–	10,008	**10,008**

2015	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.4	–	–	32,077	**32,077**
Total financial assets		–	–	32,077	**32,077**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	2,799	**2,799**
Buildings	2.2	–	–	5,287	**5,287**
Total non-financial assets		–	–	8,086	**8,086**
Recurring fair value measurements					
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liabilities		–	280	–	**280**
Total financial liabilities		–	280	–	280

3.4 FAIR VALUE MEASUREMENTS (CONTINUED)

The Group also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. There are no outstanding non-current receivables as at 31 December 2015 (level 3).

The level 3 inputs used by the Group are derived and evaluated as follows:

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. For the period ended 31 December 2015, the borrowing rates were determined to be between 2.6% and 6.1% per annum, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for shares in other corporations disclosed in note 5.4, which are valued using discount rates, forecast cash flows, EBITDA multiples estimated by management based on comparable transactions and industry data.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Group obtains independent valuations at least every three years for its freehold land and buildings (classified as property, plant and equipment in note 2.2), less subsequent depreciation for buildings. This is considered sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. All resulting fair value estimates for properties are included in level 3.

During the year, a fair value gain of $6.6 million was recorded in other income for shares in other corporations. Further, freehold land and buildings were adjusted to reflect independent valuations carried out in the year (refer to note 2.2). There were no other material level 3 fair value movements during the year.

3.5 CONTRIBUTED EQUITY

	2015 $'000	2014 $'000
Issued and paid up share capital	1,222,780	1,222,780

(a) Movements in contributed equity during the financial year

	2015 number	2014 number	2015 $'000	2014 $'000
Balance at beginning of the year	1,029,041,356	661,526,586	1,222,780	1,093,372
Issue of ordinary shares – Non-Renounceable Entitlement Offer	–	367,514,770	–	132,305
Share issue costs	–	–	–	(2,897)
Balance at end of the year	1,029,041,356	1,029,041,356	1,222,780	1,222,780

Non-Renounceable Pro-Rata Entitlement Offer

In 2014, the Company issued 367,514,770 shares via a fully underwritten accelerated Non-Renounceable Pro-Rata Entitlement Offer to all shareholders. Net proceeds from this Offer, after issuance costs (gross of related income tax benefit), were $128.2 million which was used to fund in part the acquisition of full ownership of Australian Radio Network Pty Limited and The Radio Network Limited from Clear Channel Communications Inc.

(b) Ordinary shares

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

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

Accounting policy

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

3.6 SHARE BASED PAYMENTS

	2015		2014	
	Average price per right	Number of rights	Average price per right	Number of rights
As at 1 January	$0.69	5,653,785	–	–
Granted	$0.55	2,818,099	$0.69	5,653,785
Forfeited (i)	$0.69	(2,817,563)	–	–
As at 31 December	$0.62	5,654,321	$0.69	5,653,785

Share rights outstanding at the end of the year have the following expiry date and fair value at grant date:

			Performance rights	
Grant date	Vesting date	Value of right at grant date	2015	2014
10 Apr 14	31 Dec 16	$0.69	5,066,795	5,066,795
20 Oct 14	31 Dec 16	$0.76	586,990	586,990
22 Jun 15	31 Dec 16	$0.80	352,195	–
21 Aug 15	31 Dec 17	$0.51	2,465,904	–
Forfeited (i)	30 Sep 15	$0.69	(2,817,563)	–
As at 31 December			5,654,321	5,653,785

(i) Michael Miller held 2,817,563 performance rights issued under the Long Term Incentive (LTI) plan. The rights lapsed on Mr Miller's resignation on 30 September 2015.

	2015	2014
Weighted average remaining contractual life of rights outstanding at end of period	1.6 years	2.1 years

Details of performance rights granted to Key Management Personnel are set out in the Remuneration Report as part of the Group's Annual Report.

The Long Term Incentive (LTI) plan provides for the grant of equity awards in the form of performance rights which may be converted into Company shares at a future date if certain performance targets are met/exceeded, for Executives and other senior employees.

Accounting policy

Share-based compensation benefits are provided to employees via share-based payments or a LTI plan.

The fair value of rights granted under the LTI plan is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the rights.

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

The fair value of the rights granted is adjusted to reflect the market vesting condition, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of rights that are expected to become exercisable.

The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.7 RESERVES AND ACCUMULATED LOSSES

	2015 $'000	2014 $'000
(a) Reserves		
Asset revaluation reserve	6,758	6,203
Foreign currency translation reserve	(66,108)	(66,430)
Capital profits reserve	104	104
Share-based payments reserve	7,466	6,476
Hedging reserve	(196)	–
Transactions with non-controlling interests reserve	(85,126)	(85,230)
Total reserves	(137,102)	(138,877)
Asset revaluation reserve		
Balance at beginning of the year	6,203	7,194
Revaluation of freehold land and buildings	988	–
Transfer to foreign currency translation reserve	122	54
Transfers to accumulated losses	(555)	(1,045)
Balance at end of the year	6,758	6,203
Foreign currency translation reserve		
Balance at beginning of the year	(66,430)	(62,019)
Foreign exchange transfers from other reserves and accumulated losses	(226)	(1,927)
Share of joint venture's foreign exchange reserve	–	(1,520)
Share of associate's foreign exchange reserve	(1,023)	361
Net exchange difference on translation of foreign operations	1,571	(1,325)
Balance at end of the year	(66,108)	(66,430)
Share based payments reserve		
Balance at beginning of the year	6,476	5,181
Share based payments expense	990	1,295
Balance at end of the year	7,466	6,476
Hedging reserve		
Balance at beginning of the year	–	(417)
Net loss on hedge contracts	(196)	–
Share of joint venture's hedging reserves	–	417
Balance at end of the year	(196)	–
Transactions with non-controlling interests reserve		
Balance at beginning of the year	(85,230)	(20,546)
Increase in purchase consideration for controlled business	–	(64,469)
Transfer to foreign currency translation reserve	104	(215)
Balance at end of the year	(85,126)	(85,230)

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2.2. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law. In the event of the sale of an asset, the revaluation surplus is transferred to retained earnings. During the year, two properties were sold in Australia at Rockhampton and Coffs Harbour, and one in New Zealand at Invercargill. Accordingly $555,000 of revaluation surplus net of tax was transferred to retained earnings.

Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are recognised in other comprehensive income and the foreign currency translation reserve, as described in note 6.5.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of performance rights issued but not yet vested as described in note 3.6.

Hedging reserve

The hedging reserve is used to record unrealised gains or losses on cash flow hedging instruments that are recognised in other comprehensive income as described in note 6.5.

Transactions with non-controlling interests reserve

This reserve is used to record the differences described in note 5.3 which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(b) Accumulated losses

	2015 $'000	2014 $'000
Balance at beginning of the year	(650,117)	(664,299)
Profit/(loss) attributable to owners of the parent entity	(10,202)	11,489
Transfer from reserves	555	3,133
Remeasurements on retirement benefit obligations	431	(440)
Balance at end of the year	(659,333)	(650,117)

During the year, the Group aligned the accounting treatment of fixed price increases for operating leases in each business. As a result, at 1 January 2014, trade and other payables increased by $4,858,000, accumulated losses increased by $3,421,000 and deferred tax assets increased by $1,437,000. The income statements for 2014 and 2015 were not adjusted as the amounts are insignificant.

3.8 DIVIDENDS

	2015 $'000	2014 $'000
No final dividend for the year ended 31 December 2014 (2013: nil)	–	–
No interim dividend for the year ended 31 December 2015 (2014: nil)	–	–
Total dividends	–	–
Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and tax refunds due	35,827	27,577

The Directors have determined that no final dividend will be payable for the year ended 31 December 2015.

3.9 COMMITMENTS

Lease commitments

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

	2015 $'000	2014 $'000
Not later than one year	46,683	45,667
Later than one year but not later than five years	88,946	75,039
Later than five years	97,455	34,033
Commitments not recognised in the financial statements	233,084	154,739
Representing:		
Cancellable operating leases and rental commitments	2,451	31,585
Non-cancellable operating leases and rental commitments	230,633	123,154
Commitments not recognised in the financial statements	233,084	154,739

Capital commitments

	2015 $'000	2014 $'000
Capital expenditure contracted for at balance date but not recognised as liabilities:		
Not later than one year	707	1,757
Total capital commitments	707	1,757

Accounting policy

Finance leases are leases of property, plant and equipment where the Group, as lessee, has substantially all the risk and rewards of ownership. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges. The interest element is charged to the income statement over the period of the lease. Leased assets are amortised on a straight line basis over the term of the lease, or where it is likely that the Group will obtain ownership of the asset, the life of the asset. Leased assets held at balance date are amortised over the shorter of the estimated useful life or the lease term.

Operating leases are other leases under which all the risks and benefits of ownership are effectively retained by the lessor. Operating lease payments, excluding contingent payments, are charged to the income statement on a straight line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
4. TAXATION

4.1 INCOME TAX AND DEFERRED TAX

(a) Income tax

	2015 $'000	2014 $'000
Current tax expense/(credit)	10,419	(1,064)
Deferred tax expense	9,799	10,999
Adjustment for current tax of prior periods	(422)	(706)
Income tax expense	19,796	9,229
Income tax is attributable to:		
Profit from continuing operations	19,796	6,430
Profit from discontinued operations	–	2,799
Total income tax expense	19,796	9,229
Income tax expense differs from the prima facie tax as follows:		
Profit before income tax expense	15,412	28,355
Prima facie income tax at 30%	4,624	8,506
Difference in international tax treatments and rates	(5,178)	(16,300)
Non-deductible impairment charge	15,241	15,010
Non-deductible interest	3,000	1,350
(Carried forward losses booked)/non-deductible losses	(20)	13
Tax losses written off/not recognised	4,188	6,036
Foreign exchange gains	(17)	(2,964)
Adjustment for current tax of prior periods	(422)	(706)
Other	(1,620)	(1,716)
Income tax expense	19,796	9,229

The Company is involved in a dispute with the New Zealand Inland Revenue Department (IRD) regarding certain financing transactions. The dispute involves tax of NZ$64 million for the period up to 31 December 2014. The IRD is seeking to impose penalties of between 10% and 50% of the tax in dispute in addition to the tax claimed. The Company has tax losses available to offset any amount of tax payable to the extent of NZ$48 million.

On 22 February 2013, the Adjudication Unit of the IRD advised that it agrees with the position taken by the IRD. Accordingly, the Company was issued with Notices of Assessment denying deductions in relation to interest claimed on certain financing transactions. In response to this step, the Company has commenced litigation in the High Court of New Zealand to defend its position in relation to this matter.

4.1 INCOME TAX AND DEFERRED TAX (CONTINUED)

(b) Deferred tax assets and liabilities

2014	Balance 1 Jan 14 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 31 Dec 14 $'000
Tax losses	69,725	1,267	1,852	**72,844**
Employee benefits	5,440	(432)	–	**5,008**
Doubtful debts	752	8	–	**760**
Accruals/restructuring	3,994	1,828	–	**5,822**
Intangible assets	(24,456)	(123)	(12,484)	**(37,063)**
Depreciation	(4,925)	531	(1,739)	**(6,133)**
Other	(11,190)	(14,078)	1,242	**(24,026)**
	39,340	(10,999)	(11,129)	**17,212**

2015	Balance 1 Jan 15 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 31 Dec 15 $'000
Tax losses	72,844	(9,789)	(1,166)	**61,889**
Employee benefits	5,008	187	–	**5,195**
Doubtful debts	760	65	–	**825**
Accruals/restructuring	5,822	(2,763)	–	**3,059**
Intangible assets	(37,063)	(422)	271	**(37,214)**
Depreciation	(6,133)	1,606	620	**(3,907)**
Other	(24,026)	1,317	–	**(22,709)**
	17,212	(9,799)	(275)	**7,138**

Group deferred income tax assets and liabilities are presented net in the analysis above.

Key judgements and estimates

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.

Judgement is required in relation to the recognition of carried forward tax losses as deferred tax assets. The Group assesses whether there will be sufficient future taxable profits to utilise the losses based on a range of factors, including forecast earnings and whether the unused tax losses resulted from identified causes which are unlikely to recur. The Group expects that future taxable profits will increase due to a reduction in the difference in international tax treatments and rates in 2015 following the expiry of certain financial transactions.

Accounting policy

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income are also recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.1 BUSINESS COMBINATIONS

Material acquisitions

The Group gained control over the following entity during the year:

Entity or business acquired	Principal activity	Date of acquisition	Ownership interest
Radio 96FM Perth Pty Limited	Radio broadcaster	30 Jan 15	100%

	Radio 96FM Perth Pty Limited 2015 $'000
Purchase consideration:	
Cash paid	76,104
Total purchase consideration	**76,104**
The assets and liabilities recognised as a result of the acquisition:	
Receivables	75
Prepayments	27
Property, plant and equipment	396
Intangible assets	67,305
Other assets	45
Payables	(414)
Provisions	(774)
Value of net identifiable assets	66,660
Add: goodwill	9,444
Net assets acquired	**76,104**

Radio 96FM Perth Pty Limited

On 30 January 2015, the Company acquired 100% of Radio 96FM Perth Pty Limited. The purchase consideration was the purchase price of $78,000,000 less working capital adjustments.

Goodwill recognised represents the ability to offer national advertising campaigns and realise synergies expected to arise after the acquisition. This goodwill will not be tax deductible. Acquisition related costs of $1,304,000 are included in the income statement.

The acquired business contributed revenue of $18,718,000 and a net profit after tax of $4,226,000 to the Group for the period to 31 December 2015.

If the acquisition had occurred on 1 January 2015, consolidated revenue and profit for the year ended 31 December 2015 would have been $19,989,000 and $4,535,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to the property, plant and equipment and intangible assets had applied from 1 January 2015.

Accounting policy

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value through profit or loss. Acquisition related costs are expensed as incurred.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the Group's share of the net identifiable assets acquired is recorded as goodwill.

5.2 CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in this note.

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
Actraint No. 116 Pty Limited [1]	Australia	100	100
Adhoc Pty Ltd	Australia	75	75
Adhub Limited	New Zealand	100	100
Airplay Media Services Pty Limited [1]	Australia	100	100
APN AP National Sales Pty Ltd [1]	Australia	100	100
APN Braeside Pty Ltd	Australia	100	100
APN Broadcasting Investments Pty Limited [1]	Australia	100	100
APN Broadcasting (Regionals) Pty. [1,2]	Australia	100	100
APN Business Magazines Pty Ltd [1]	Australia	100	100
APN Digital Pty Ltd [1]	Australia	100	100
APN Digital NZ Limited	New Zealand	100	100
APN Educational Media Pty Limited [1]	Australia	100	100
APN Finance Pty Limited [1,2]	Australia	100	100
APN Holdings NZ Limited	New Zealand	100	100
APN Media (NZ) Limited [4]	New Zealand	-	100
APN Milperra Pty Ltd	Australia	100	100
APN Newspapers Pty Ltd [1,2]	Australia	100	100
APN NZ Investments Limited	New Zealand	100	100
APN Online (Australia) Pty Limited [1]	Australia	100	100
APN Online (New Zealand) Limited	New Zealand	100	100
APN Print NZ Limited	New Zealand	100	100
APN Printing Services Pty Ltd [1,2]	Australia	100	100
APN Specialist Publications NZ Limited	New Zealand	100	100
ARM Events Pty Ltd [1]	Australia	100	100
ARM Specialist Media Pty Ltd [1]	Australia	100	100
ARN Adelaide Pty Ltd [1]	Australia	100	100
ARN Brisbane Pty Ltd [1,2]	Australia	100	100
ARN Broadcasting Pty Ltd [1]	Australia	100	100
ARN Communications Pty Ltd [1,2]	Australia	100	100
ARN Limited Partnership	Australia	100	100
ARN New Zealand Pty Limited [1,2]	Australia	100	100
ARN NZ Investments Limited	New Zealand	100	100
ARN Overseas Pty Limited [1,2]	Australia	100	100
ARN Perth Pty Ltd [1]	Australia	100	100
ARN South Australia Pty Ltd [1]	Australia	100	100
ARN Superannuation Pty Ltd	Australia	100	100
ARNSAT Pty Limited [1]	Australia	100	100
Asia Posters Sdn Bhd	Malaysia	100	100
Australian Provincial Newspapers International Pty Limited [1,2]	Australia	100	100
Australian Provincial Newspapers Ltd [1,2]	Australia	100	100
Australian Radio Network Pty Limited [1,2]	Australia	100	100
Australian Radio Network Sales Pty Ltd [1]	Australia	100	100
Biffin Pty. Limited [1,2]	Australia	100	100
Blue Mountains Broadcasters Pty Limited [1]	Australia	100	100
Border Newspapers Pty Ltd [1]	Australia	100	100
Brisbane FM Radio Pty Ltd [3]	Australia	50	50
The Bundaberg Newspaper Company Pty Limited [1]	Australia	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.2 CONTROLLED ENTITIES (CONTINUED)

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
Buspak Advertising (China) Limited	Hong Kong	100	100
Buspak Advertising (Hong Kong) Limited	Hong Kong	100	100
Byron Shire News Pty Ltd [1]	Australia	100	100
Capital City Broadcasters Pty Limited [1]	Australia	100	100
Capricornia Newspapers Pty Ltd [1]	Australia	100	100
Cardcorp (Manufacturing) Pty Limited	Australia	100	100
Catalogue Central Pty Limited [1]	Australia	100	100
Central Coast Broadcasting Pty.	Australia	100	100
Central Queensland News Publishing Company Pty Ltd [1]	Australia	100	100
Central Telegraph Pty Ltd [1]	Australia	100	100
Chinchilla Newspapers Pty Ltd [1]	Australia	100	100
Cody Outdoor International (HK) Limited	Hong Kong	100	100
Coffs Coast RE Marketing Pty Ltd	Australia	70	70
Commonwealth Broadcasting Corporation Pty Ltd [1,2]	Australia	100	100
Covette Investments Pty Limited [1,2]	Australia	100	100
The Daily Examiner Pty Ltd [1]	Australia	100	100
Dalby Herald Pty Ltd [1]	Australia	100	100
Double T Radio Pty Ltd [1,2]	Australia	100	100
Emotive Pty Limited	Australia	51	–
Esky Limited	New Zealand	100	100
Evitome Pty Limited [1]	Australia	100	–
5AD Broadcasting Company Pty Ltd [1]	Australia	100	100
Gatton Star Pty Ltd [1]	Australia	100	100
Gergdaam Capital Pty Limited [1,2]	Australia	100	100
Gladstone Newspaper Company Pty Ltd [1]	Australia	100	100
Grab One Australia Pty Limited	Australia	100	100
GrabOne Investments Limited	UK	100	100
GrabOne Limited	New Zealand	100	100
Gulgong Pty Limited [1,2]	Australia	100	100
Gympie Times Pty Ltd [1]	Australia	100	100
Haswell Pty Limited [1,2]	Australia	100	100
The Hive Online Limited	New Zealand	100	100
Idea HQ Limited	New Zealand	100	100
Inc Network Australia Pty Ltd [1]	Australia	100	100
The Internet Amusements Group Pty Limited [1]	Australia	100	100
KAFM Broadcasters Proprietary Limited [1]	Australia	100	100
Kelly Publications Pty Ltd [1]	Australia	100	100
Level 3 Investments Pty Ltd [1]	Australia	100	100
The Level 3 Partnership	Australia	100	100
Level 4 Investments Pty Limited [1]	Australia	100	100
The Level 4 Partnership	Australia	100	100
Longbeach Publications Pty Ltd [1]	Australia	100	100
Longbeach Publications Unit Trust	Australia	100	100
Lunchbox Investments Pty Ltd	Australia	100	100
The Mackay Printing and Publishing Company Pty Limited [1]	Australia	100	100
The Maryborough Hervey Bay Newspaper Company Pty Ltd [1]	Australia	100	100
Media Tek Pty Limited [1,2]	Australia	100	100
Mt Maunganui Publishing Co Limited	New Zealand	100	100
Nathco Holdings Pty Ltd [1,2]	Australia	100	100

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
New Zealand Radio Network Limited	New Zealand	100	100
North Coast News Pty Ltd [1]	Australia	100	100
Northern Star Ltd [1]	Australia	100	100
NZME. Educational Media Limited	New Zealand	100	100
NZME. Finance Limited	New Zealand	100	100
NZME. Limited	New Zealand	100	100
NZME. Publishing Limited	New Zealand	100	100
NZME. Radio Limited	New Zealand	100	100
NZME. Trading Limited	New Zealand	100	100
Observer Times (Hervey Bay) Pty Ltd [1]	Australia	100	100
Provincial Investments Pty Ltd [1]	Australia	100	100
The Queensland Times Pty Limited [1]	Australia	100	100
Radio 96FM Perth Pty Limited [1]	Australia	100	–
The Radio Bureau Limited	New Zealand	100	100
RadioWise Pty Ltd	Australia	100	100
Regional Publishers Limited	New Zealand	100	100
Regmax Pty Limited [1]	Australia	100	100
Sabawin Pty Limited [1]	Australia	100	100
Sell Me Free Limited	New Zealand	100	100
Sella Limited	New Zealand	100	100
The South Burnett Times Pty Ltd [1]	Australia	100	100
Southern State Broadcasters Pty Limited [1]	Australia	100	100
Speedlink Services Pty Ltd [1]	Australia	100	100
Stanley Newcomb & Co Limited	New Zealand	100	100
Stanthorpe Newspapers Services Unit Trust	Australia	100	100
SunCoastal FM Radio Pty Ltd	Australia	100	100
Sunshine Coast Newspaper Company Pty Ltd [1, 2]	Australia	100	100
Tibbar Broadcasting Pty Limited [1]	Australia	100	100
Toowoomba Newspapers Ltd [1, 2]	Australia	100	100
Trade Debts Collecting Co Limited	New Zealand	100	100
The Tweed Newspaper Co Pty Ltd [1]	Australia	100	100
Universal Radio Pty Ltd [1]	Australia	100	100
The Warwick Newspaper Pty Limited [1]	Australia	100	100
Wesgo [1, 2]	Australia	100	100
West Sydney Radio Pty Ltd	Australia	100	100
Westat Research Pty Ltd	Australia	100	100
Western Star Pty Ltd [1]	Australia	100	100
Whitsunday Times Unit Trust	Australia	75	75
Wilson & Horton Australia Pty Ltd	Australia	100	100
Wilson & Horton Finance Pty Ltd [1, 2]	Australia	100	100
Wilson & Horton Limited	New Zealand	100	100
W&H Interactive Limited	New Zealand	100	100

1 These companies are parties to a deed of cross guarantee dated 5 December 2006 under which each company guarantees the debts of the others (Deed of Cross Guarantee). These companies represent a Closed Group for the purposes of Australian Securities and Investments Commission (ASIC) Class Order 98/1418 *Wholly owned entities* and there are no other members of the Extended Closed Group.

2 These wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Class Order 98/1418 *Wholly owned entities* (as amended) issued by ASIC.

3 Australian Radio Network Pty Limited has a 50% controlling interest in Brisbane FM Radio Pty Ltd.

4 This company was amalgamated with Mt Maunganui Publishing Co Limited to become Mt Maunganui Publishing Co Limited under New Zealand's Companies Act 1993 on 26 May 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.3 INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries with non-controlling interests

Set out below are the Group's principal subsidiaries with material non-controlling interests. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group.

Name of entity	Place of business	Country of incorporation	Ownership interest held by the Group 2015	Ownership interest held by the Group 2014	Ownership interest held by non-controlling interests 2015	Ownership interest held by non-controlling interests 2014	Principal activities
Brisbane FM Radio Pty Ltd	Australia	Australia	50%	50%	50%	50%	Commercial radio

(b) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Brisbane FM Radio Pty Ltd 2015 $'000	Brisbane FM Radio Pty Ltd 2014 $'000
Summarised balance sheet		
Current assets	6,675	6,559
Current liabilities	5,557	5,471
Current net assets	1,118	1,088
Non-current assets	67,647	67,694
Non-current liabilities	61	131
Non-current net assets	67,586	67,563
Net assets	68,704	68,651
Accumulated non-controlling interests	37,842	37,966
Summarised statement of comprehensive income		
Revenue	32,090	29,313
Profit for the period	11,552	10,234
Other comprehensive income	–	–
Total comprehensive income	11,552	10,234
Total comprehensive income allocated to non-controlling interests	5,776	4,831
Dividends paid to non-controlling interests	5,750	4,600
Summarised cash flows		
Net cash flows from operating activities	12,307	10,421
Net cash flows from investing activities	25	18
Net cash flows from financing activities	(12,041)	(9,945)
Net increase in cash and cash equivalents	291	494

(c) Transactions with non-controlling interests

In February 2014, the Group acquired the 50% of Australian Radio Network (ARN) and The Radio Network (TRN) that it did not already own. This transaction was treated as a transaction with a non-controlling interest as the Group previously controlled and consolidated ARN and TRN. The purchase cash consideration was $246,721,000, which was the initial purchase price less seller receivable of $61,889,000. The carrying amount of the non-controlling interests in ARN on the date of the transaction was $208,893,000. The Group recognised a decrease in non-controlling interests of $208,893,000, and a decrease in equity attributable to owners of the parent entity of $54,164,000.

In July 2014, the Group acquired full ownership of Buspak Advertising (Hong Kong) Limited (Buspak) through the acquisition of the remaining 50% share from joint venture partner Clear Channel Hong Kong Limited for purchase consideration of $14,000,000. The carrying amount of the non-controlling interests in Buspak on the date of the transaction was $6,804,000. The Group recognised a decrease in non-controlling interests of $6,804,000 and a decrease in equity attributable to owners of the parent entity of $10,305,000.

The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2014 $'000
Carrying amount of non-controlling interests acquired	215,697
Consideration paid to non-controlling interests	(263,756)
Less: deferred tax impact arising from ARN joining the tax consolidated group	(13,740)
Acquisition costs	(2,670)
Amounts recognised in non-controlling interests reserve	(64,469)

Accounting policy

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

5.4 SHARES IN OTHER CORPORATIONS

	Note	2015 $'000	2014 $'000
Shares in other corporations	3.4	32,077	26,352

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of shares in other corporations:

Description	Fair value as at 31 Dec 2015	Valuation technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Shares in other corporations	28,173	Discounted cash flows	Cash flow growth factor	Between -3.7% and +2.1 % (+1.7%)	Increased cash growth factor by 50 basis points and lowering discount rate by 100 basis points would increase the fair value by $4.7 million. Lowering cash growth factor by 50 basis points and increasing discount rate by 100 basis points would decrease the fair value by $3.8 million
			Risk-adjusted discount rate	14.0%	
	3,904	Capitalisation multiple	EBITDA multiples	Between 2.0x and 3.5x	The higher the capitalisation multiple, the higher the value
	32,077				

Accounting policy

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, plus transaction costs. This excludes those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent measurement of financial assets is at fair value or amortised cost where certain criteria are met.

Financial assets at amortised cost and impairment

The Group's loans and receivables (refer to note 2.3) meet the requirements for measurement at amortised cost based on the purpose for which the assets and liabilities are held and the contractual terms.

For financial assets measured at amortised cost, the Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value

The Group's investments in equity instruments are measured at fair value, determined in the manner described in note 3.4. At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to recognise gains and losses on equity instruments not held for trading, in other comprehensive income. Otherwise, all gains and losses are recognised in profit or loss.

5.5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2015 $'000	2014 $'000
Shares in associates	53,811	52,935
Total investments accounted for using the equity method	**53,811**	**52,935**
Share of profits of associates	11,899	11,263

(a) Interests in associates

Set out below are the associates of the Group as at 31 December 2015 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Consolidated carrying values	
		2015	2014			2015 $'000	2014 $'000
Adshel Street Furniture Pty Limited	Australia	50%	50%	Associate[(i)]	Equity method	40,221	41,849
Soprano Design Pty Limited	Australia	25%	25%	Associate[(ii)]	Equity method	13,590	11,086
						53,811	52,935

(i) Adshel Street Furniture Pty Limited specialises in the provision of outdoor advertising with networks throughout Australia and New Zealand.

(ii) Soprano Design Pty Limited specialises in the development and provision of world leading mobile messaging and wireless application infrastructure. The interest in this business was acquired in 2001.

(b) Summarised financial information of associate

The tables below provide summarised financial information for the associate that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts.

	Adshel Street Furniture Pty Limited	
	2015 $'000	2014 $'000
Summarised balance sheet		
Total current assets	56,799	47,004
Non-current assets	78,533	76,451
Total assets	**135,332**	**123,455**
Total current liabilities	35,267	34,554
Total non-current liabilities	19,623	5,202
Total liabilities	**54,890**	**39,756**
Net assets	**80,442**	**83,699**
Reconciliation to carrying amount:		
Opening net assets 1 January	83,699	82,867
Profit for the period	18,789	19,110
Other comprehensive income	(2,046)	722
Dividends paid	(20,000)	(19,000)
Closing net assets	**80,442**	**83,699**
Percentage ownership interest	50%	50%
Carrying amount	**40,221**	**41,849**

5.5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Adshel Street Furniture Pty Limited	
	2015 $'000	2014 $'000
Summarised statement of comprehensive income		
Revenue	159,498	147,124
Profit for the period	18,789	19,110
Other comprehensive income	(2,046)	722
Total comprehensive income	16,743	19,832
Dividends received from associate	10,000	9,500

(c) Individually immaterial associate

In addition to the interests in associate disclosed above, the Group also has an interest in an individually immaterial associate that is accounted for using the equity method.

	2015 $'000	2014 $'000
Balance at beginning of the year	11,086	9,378
Profit from continuing operations	2,504	1,708
Balance at end of the year	13,590	11,086

Accounting policy

Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

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

Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

The Group recognises its direct right to, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the joint venture is recognised in the income statement, and the share of post-acquisition other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

5.6 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information for the parent entity

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 $'000	2014 $'000
Balance sheet		
Current assets	67	1,296
Total assets	1,262,196	1,170,513
Current liabilities	449	324
Total liabilities	474,649	410,227
Shareholders' equity		
Issued capital	1,222,778	1,222,778
Reserves		
Share-based payments reserve	7,466	6,476
Retained earnings		
Opening profit reserve	55,456	36,417
Dividends paid	–	–
Brought forward profit reserve	55,456	36,417
Profit for the year	26,271	19,039
Closing profit reserve	81,727	55,456
Closing loss reserve	(524,424)	(524,424)
	787,547	760,286
Profit for the year	26,271	19,039
Total comprehensive income	26,271	19,039

(b) Guarantees entered into by the parent entity

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2015, the facilities had been drawn to the extent of $482,851,000 (2014: $497,647,000).

(c) Contingent liabilities and contractual commitments of the parent entity

The parent entity did not have any contingent liabilities or contractual commitments as at 31 December 2015 or 31 December 2014.

Accounting policy

The financial information for the parent entity, APN News & Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements of the parent entity.

Dividends received from subsidiaries are recognised in the parent entity's income statement when its right to receive the dividend is established.

5.7 DEED OF CROSS GUARANTEE

Companies in the Closed Group are party to a deed of cross guarantee dated 5 December 2006 under which each guarantees the debts of the others. These companies represent a Closed Group for the purposes of ASIC Class Order 98/1418 *Wholly owned entities*. The companies party to Deed of Cross Guarantee are detailed at note 5.2.

Set out below is the consolidated income statement for the year ended 31 December 2015 for the Closed Group:

	2015 $'000	2014 $'000
Revenue from continuing operations	354,489	303,938
Other revenue and income	52,056	64,052
Expenses from operations before finance costs, depreciation and amortisation	(307,203)	(281,931)
Finance costs	(36,770)	(38,709)
Depreciation and amortisation	(12,829)	(12,805)
Impairment of intangible assets	(50,804)	(49,678)
Share of profits of associates	11,899	11,263
Profit/(loss) before income tax credit	10,838	(3,870)
Income tax expense	(11,443)	(255)
Loss from continuing operations	(605)	(4,125)
Loss attributable to owners of the parent entity	(605)	(4,125)
Accumulated losses		
Balance at beginning of the year	(794,632)	(779,067)
Loss attributable to owners of the parent entity	(605)	(4,125)
Opening retained earnings of entities entering the Closed Group	(2,685)	–
Remeasurement on retirement benefit obligations	431	(440)
Dividends paid	(5,000)	(11,000)
Transfer between reserves	238	–
Balance at end of the year	(802,253)	(794,632)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.7 DEED OF CROSS GUARANTEE (CONTINUED)

Set out below is the consolidated balance sheet as at 31 December 2015 for the Closed Group:

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	5,509	15,001
Receivables	481,114	378,982
Inventories	3,519	5,398
Income tax receivable	31	2,207
Other current assets	2,781	2,198
Total current assets	492,954	403,786
Non-current assets		
Other financial assets	413,445	406,754
Investments accounted for using the equity method	53,811	52,935
Property, plant and equipment	58,895	57,861
Intangible assets	458,073	434,328
Total non-current assets	984,224	951,878
Total assets	1,477,178	1,355,664
Current liabilities		
Payables	680,343	577,042
Current tax liabilities	8,908	359
Provisions	5,101	6,724
Total current liabilities	694,352	584,125
Non-current liabilities		
Payables	7,848	9,848
Interest bearing liabilities	295,182	276,543
Derivative liabilities	280	–
Deferred tax liabilities	30,914	24,315
Retirement benefit liability	1,374	2,073
Provisions	3,032	4,154
Total non-current liabilities	338,630	316,933
Total liabilities	1,032,982	901,058
Net assets	444,196	454,606
Equity		
Contributed equity	1,222,780	1,222,780
Reserves	23,669	26,458
Accumulated losses	(802,253)	(794,632)
Total parent entity interest	444,196	454,606
Total equity	444,196	454,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
6. OTHER

6.1 DISCONTINUED OPERATIONS

2014

On 24 January 2014, the Company announced that it had completed the sale of its remaining interest in APN Outdoor to Quadrant Private Equity. The total value of the transaction was $74 million, with $60 million of the proceeds received on 24 January 2014 and the remaining $14 million received in November 2014. On 11 February 2014, the Company announced that it had sold brandsExclusive to Aussie Commerce Group for $2 million and 8% of the equity in Aussie Commerce Group.

The results of APN Outdoor and brandsExclusive prior to disposal were reported as discontinued operations. Financial information relating to the discontinued operations for the period to the date of disposal is set out below:

Discontinued operations

Financial performance and cash flow information

	2014 $'000
Revenue and other income	9,979
Expenses	(5,866)
Profit before income tax	4,113
Income tax credit	266
Profit after income tax from discontinued operations	4,379
Gain on sale of the division before income tax	1,103
Income tax expense	(3,065)
Loss on sale of the division after income tax	(1,962)
Profit from discontinued operations	2,417
Net cash outflows from operating activities	(1,947)
Net cash inflows from investing activities	74,370
Net increase in cash generated by the division	72,423

Accounting policy

Non-current assets (or disposal Groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount, and their fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
6. OTHER

6.2 CONTINGENT LIABILITIES

Claims

Claims for damages are made against the Group from time to time in the ordinary course of business. The Directors are not aware of any claim that is expected to result in material costs or damages. The Company is involved in a dispute with the IRD regarding certain financing transactions. Refer note 4.1 for further details.

6.3 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms.

	2015 $'000	2014 $'000
Remuneration for audit or review of the financial reports		
PricewaterhouseCoopers – Australian firm	582	546
PricewaterhouseCoopers – overseas firm	352	585
Other firms	–	140
Remuneration for other assurance services		
PricewaterhouseCoopers – Australian firm	32	715
PricewaterhouseCoopers – overseas firm	28	17
Other firms	–	112
Total audit and other assurance services	994	2,115
Remuneration for other services		
PricewaterhouseCoopers – Australian firm		
Tax services		
– Consulting and advice	307	1,196
– Compliance	124	179
Other advisory services	283	185
PricewaterhouseCoopers – overseas firm		
Tax services		
– Consulting and advice	452	959
– Compliance	230	171
Other advisory services	25	–
Other firms		
Tax services		
– Compliance	–	89
Other advisory services	–	3,801
Total non-audit services	1,421	6,580

6.4 RELATED PARTIES

(a) Key management personnel compensation

	2015	2014
Short-term employee benefits	6,172,476	7,188,377
Post employment benefits	259,640	245,920
Other long term benefits	60,528	24,193
Termination benefits	–	1,920,374
Share-based payments	656,991	1,161,141
	7,149,635	10,540,005

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Transactions with other related parties

The below relates to both continued and discontinued operations.

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

Transaction type	Class of other related party	2015 $'000	2014 $'000
Consulting services received	Key management personnel [(i)]	19	63
Independent News & Media fees	Other related party [(ii)]	–	145
Management fees receivable	Associates [(iii)]	150	150
Associate company fee	Associate/Key management personnel [(iv)]	50	50
Print services received	Other related parties [(v)]	4,634	7,883
Administration fee	Associates [(vi)]	418	–
Consultancy services received	Key management personnel [(vii)]	67	–

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

(i) Consultancy fees paid to a company associated with Peter Cosgrove for marketing services, which ceased 30 June 2015.

(ii) Payments to Independent News & Media PLC include reimbursements for services provided including travel and ancillary expenses, provision of unlimited live editorial copy, services of directors, and for advisory services on a range of matters including global media and advertising trends and product development.

(iii) Management fee received/receivable from associates.

(iv) Chairman's fee paid to Peter Cosgrove by Adshel Street Furniture Pty Limited, the joint venture with iHeartMedia.

(v) Print service fees paid to Beacon Print Ltd, a company in which the Group holds an interest.

(vi) Administration fee received from Adshel Street Furniture Pty Limited for co-ordinating asset purchases.

(vii) Consultancy fee paid to Vincent Crowley for consulting and advisory services rendered.

(c) Payables with other related parties

There was $270,000 payable to related parties as at 31 December 2015 (2014: $404,000).

6.5 OTHER SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation – subsidiaries

The consolidated financial statements incorporate the assets and liabilities of APN News & Media Limited and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group entities

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

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

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

Trade payables

Trade payables, including accruals not yet billed, are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services. Trade payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are unsecured and are generally settled within 30 to 45 days.

Dividends

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

Short-term incentive plans

A liability for short-term incentives is recognised in provisions when there is an expectation of settlement and at least one of the following conditions is met:

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

Liabilities for short-term incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Defined benefit superannuation plans

A liability or asset in respect of defined benefit superannuation plans is measured as the present value of the defined benefit obligation plus unrecognised actuarial gains or losses, less the fair value of the superannuation fund's assets at that date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Past service costs are recognised immediately in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date using the first in first out basis. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated necessary selling costs.

Derivatives

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in the income statement within other income.

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

Derivatives that do not qualify for hedge accounting

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

Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

In January 2015, the AASB issued AASB 2015–2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* as part of the IASB's Disclosure Initiative project. It applies to annual reporting periods commencing on or after 1 January 2016 and has been early adopted for the preparation of the 2015 financial statements and notes. The amendments removed certain minimum disclosure requirements from AASB 101 including the removal of reference to a 'summary of significant accounting policies', allow reordering and regrouping of notes to the financial statements to give prominence to the areas most relevant to understanding the entity and clarify an entity's ability to exclude information that is not material.

The IASB has issued IFRS 15 *Revenue from Contracts with Customers*, a new standard for the recognition of revenue, replacing IAS 18 *Revenue* which covers contracts for goods and services. Refer to note 1.1 for more detail.

In February 2016, the AASB issued AASB 16 *Leases*, a new standard for the accounting of leases, replacing AASB 117 *Leases*. The new standard will predominantly affect lessees, with almost all leases brought onto the balance sheet. It applies to annual reporting periods commencing on or after 1 January 2019. The Group has yet to fully assess the impact of the new standard on the financial statements when applied to future periods

AASB 9 *Financial Instruments*, the AASB equivalent of IFRS 9 *Financial Instruments*, establishes the principles for the financial reporting of financial assets and financial liabilities. The AASB issued the final version of AASB 9 in December 2014, which replaces earlier versions of AASB 9 issued in 2009 and 2010 (classification and measurement requirements) and 2013 (a new hedge accounting model). It is effective for annual reporting periods beginning on or after 1 January 2018. The classification and measurement requirements were early adopted on 31 December 2009. Subsequently, the 2010 version was adopted on 31 December 2010. The new hedge accounting model was adopted effective 31 December 2015.

There are no other standards and interpretations that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

6.6 SUBSEQUENT EVENTS

On 25 February 2016, the Company announced that it had commenced a process to divest of the Australian Regional Media business.

Other than the matter described above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 60 to 110 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 31 December 2015 and of its performance for the financial year ended on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 5.2 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 5.7.

Page 59 of the Annual Report confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors, after receiving the declarations required to be made by the chief executive and chief financial officer in accordance with section 295A of the *Corporations Act 2001*.

Peter Cosgrove
Chairman

Sydney
24 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF APN NEWS & MEDIA LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of APN News & Media Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the APN News & Media Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the Basis of Preparation on page 59, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- the financial report of APN News & Media Limited is in accordance with the *Corporations Act 2001*, including:
  1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
  2. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- financial report and notes also comply with International Financial Reporting Standards as disclosed on page 59.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

REPORT ON THE REMUNERATION REPORT

We have audited sections (a) and (c) to (k) of the remuneration report included on pages 43 to 57 of the directors' report for the year ended 31 December 2015.

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, sections (a) and (c) to (k) of the remuneration report of APN News & Media Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the financial report and remuneration report of APN News & Media Limited (the company) for the year ended 31 December 2015 included on APN News & Media Limited's web site. The company's directors are responsible for the integrity of APN News & Media Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

MGraham

MK Graham
Partner

Sydney
24 March 2016

SHAREHOLDER INFORMATION

1. SHARES

(a) Substantial shareholders

The following information is extracted from substantial shareholder notices received by the Company as at 14 March 2016:

Name	Number of shares
Allan Gray Australia Pty Ltd	163,036,719
News Limited and its Related Bodies Corporate	154,252,985
IOOF Holdings Limited	64,417,085

(b) Top 20 holders of fully paid ordinary shares at 14 March 2016

Name	Number of shares	% of total shares
J P Morgan Nominees Australia Limited	189,319,874	18.40
Citicorp Nominees Pty Limited	184,585,303	17.94
HSBC Custody Nominees (Australia) Limited	174,101,790	16.92
News Limited	104,859,000	10.19
National Nominees Limited	94,199,234	9.15
BNP Paribas Noms Pty Ltd (DRP)	33,149,638	3.22
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	31,622,443	3.07
UBS Nominees Pty Ltd	30,059,983	2.92
RBC Investor Services Australia Nominees Pty Limited (Pi Pooled A/C)	25,128,642	2.44
RBC Investor Services Australia Pty Limited (VFA A/C)	16,594,554	1.61
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	10,272,950	1.00
UBS Nominees Pty Ltd	8,890,183	0.86
CS Fourth Nominees Pty Limited (HSBC Cust Nom Au Ltd 11 A/C)	7,453,731	0.72
HSBC Custody Nominees (Australia) Limited – A/C 3	6,873,121	0.67
BNP Paribas Nominees Pty Ltd (Agency Lending Collateral)	6,669,000	0.65
RBC Investor Services Australia Nominees Pty Limited (Bkcust A/C)	4,201,744	0.41
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	4,059,975	0.39
AMP Life Limited	2,999,054	0.29
Share Direct Nominees Pty Ltd (10026 A/C)	2,128,000	0.21
HSBC Custody Nominees (Australia) Limited (- A/C 2)	1,967,398	0.19
Total	939,135,617	91.26

(c) Analysis of individual ordinary shareholdings as at 14 March 2016

Holding	Number of shareholders	% of total shareholders	Number of shares	% of total shares
1–1,000	2,182	31.47	836,865	0.08
1,001–5,000	2,500	36.06	6,607,646	0.64
5,001–10,000	874	12.61	6,403,376	0.63
10,001–100,000	1,208	17.42	33,459,002	3.25
100,001 and over	169	2.44	981,734,467	95.40
Total holdings	*6,933*	*100.00*	*939,135,617*	*100.00*

There were 1,970 holders of less than a marketable parcel.

(d) Voting rights of shareholders

The voting rights are governed by rule 16 of the Constitution. In summary, shareholders are entitled to vote in person or by proxy, attorney or corporate representative at any meeting of shareholders of the Company on:

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

2. OPTIONS

There are no issued options.

3. DIRECTORS' INTERESTS

The relevant interest of each Director in the securities of the parent entity as at 14 March 2016 was:

Director	Number of shares	Number of options
PM Cosgrove	388,662	–
AE Harris	637,455	–
AL Templeman-Jones	6,122	–
P Connolly	250,000	–
PD Cullinane	79,000	–
Sir John Anderson	100,000	–
C Holman	–	–

4. OTHER INFORMATION

Stock exchange listing

APN News & Media Limited shares are listed on the Australian Securities Exchange (ASX) and the New Zealand Exchange (NZX) (code APN).

Enquiries

Shareholders or investors with any enquiries concerning their holdings, shareholder details, dividend information, or administrative matters, should direct their enquiries to the Share Registry. Contact details for the Share Registry appear on the inside back cover.

Dividend payments

Dividends to shareholders may be paid direct to any bank, building society or credit union account in Australia. Shareholders who wish to receive dividends by electronic transfer should advise the Share Registry.

Tax file number (TFN)

The Company is obliged to deduct tax from unfranked or partially franked dividend payments to shareholders resident in Australia who have not supplied their TFN to the Share Registry. To avoid this deduction, you should advise the Share Registry of your TFN.

Register your email address

Shareholders are encouraged to register their email address to receive dividend advices, notification of availability of annual reports, notices of meeting, access to online voting and other shareholder communications. To register, shareholders should go to www.linkmarketservices.com.au, log in to their shareholding through the Investor Centre and select "All communication by email" options.

Other services available to shareholders at this website include: viewing details of their shareholdings, updating address details, updating bank details and obtaining a variety of registry forms.

Consolidation of holdings

Shareholders who have multiple issuer-sponsored holdings and wish to consolidate their separate shareholdings into one account should advise the Share Registry in writing.

Change of name or address

Shareholders who are issuer sponsored should notify the Share Registry in writing of any change in either their name or registered address. If a change of name has occurred, it will be necessary to supply a certified copy of the relevant deed poll or marriage certificate. Shareholders sponsored by a broker (CHESS) should advise their broker of the amended details.

Dividend Reinvestment Plan (DRP)

Shareholders may elect to participate in the DRP for all or part of their shareholding. Shareholders wishing to participate in the DRP should contact the Share Registry. Terms and conditions of the DRP and forms to apply for, vary or cancel participation in the DRP are also available on the corporate website, www.apn.com.au.

The Directors have set the current rate of discount applicable to the DRP at 2.5 per cent. No brokerage, commission, stamp duty or other transaction costs are payable on any allotment of shares under the DRP.

Investor information

The Annual Report is the most comprehensive publication with information for investors. Copies of the 2015 Annual Report and Shareholder Review may be obtained by contacting the Share Registry or on the corporate website, www.apn.com.au. Other financial and relevant information, including press releases on financial results and Chairman's addresses, are available from the corporate office in Sydney, or at the corporate website, www.apn.com.au.

FIVE YEAR FINANCIAL HISTORY

	2015 $'m	2014 $'m	2013 $'m	2012 $'m	2011 $'m
Income Statement					
Total revenue	**850**	843	817	857	1,072
EBITDA[1]	**166**	164	163	156	209
Depreciation and amortisation	**35**	33	33	34	38
EBIT[2]	**131**	131	130	122	171
Net interest expense	**32**	36	33	41	56
Adjusted net profit[3]	**70**	75	60	54	78
Statutory net profit/(loss)	**(10)**	11	3	(507)	(45)
Balance Sheet					
Equity excluding non-controlling interests	**426**	434	359	350	876
Total assets	**1,134**	1,129	1,255	1,294	1,997
Total borrowings	**477**	497	457	486	670
Net debt	**456**	458	437	465	646
Statistical Analysis					
EBITDA/total revenue[4]	**19.6%**	19.3%	18.5%	16.8%	19.5%
Net debt/EBITDA (times)	**2.7**	2.8	2.7	3.0	3.1
Interest cover based on EBITDA (times)	**5.2**	4.5	4.9	3.8	3.7
Basic and diluted earnings per share (cents)[5]	**6.8**	7.6	7.7	7.2	10.8
Dividend per share (cents)	**-**	-	-	1.5	8.5
Dividend payout ratio[6]	**0%**	0%	0%	21%	79%
No. of shares on issue ('000)	**1,029,041**	1,029,041	661,527	661,527	630,211
No. of shareholders	**6,818**	7,166	8,270	9,546	9,419
Market capitalisation ($'m)	**545**	859	298	165	447
Market price per share at 31 December	**$0.53**	$0.83	$0.45	$0.25	$0.71

(1) Earnings before exceptional items, interest, tax, depreciation and amortisation.
(2) Earnings before exceptional items, interest and tax.
(3) Net profit attributable to owners of the parent entity after tax, before exceptional items.
(4) Total revenue includes discontinued operations.
(5) Earnings per share are before exceptional items.
(6) Before exceptional items.

CORPORATE DIRECTORY

APN News & Media Limited
ABN 95 008 637 643

Directors
Peter Cosgrove (Chairman)
Ted Harris (Deputy Chairman)
Anne Templeman-Jones
Paul Connolly
Peter Cullinane
Sir John Anderson
Christine Holman

Company Secretary
Yvette Lamont

Registered office
Level 4, 100 William Street
SYDNEY NSW 2011

Telephone: +61 2 9333 4999
Fax: +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
(Australia) 1300 553 550
(New Zealand) 09 375 5998
(International) +61 1300 553 550

Fax
(Australia) 02 9287 0303
(New Zealand) 09 375 5990
(International) +61 2 9287 0303

Email
registrars@linkmarketservices.com.au

Website
www.linkmarketservices.com.au

Auditors
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 1171

Principal bankers
Australia and New Zealand Banking Group
Bank of China
Commonwealth Bank of Australia
Credit Suisse
GE
HSBC
National Australia Bank
State Bank India
Sumitomo Mitsui Banking Corporation
Westpac Banking Corporation

Notice is hereby given that the Annual General Meeting of members of APN News & Media Limited will be held at the

Establishment Ballroom
252 George Street, Sydney NSW 2000
on Wednesday, 11 May 2016 at 9.30am

www.apn.com.au