Half Year Financial Report and Appendix 4D

APN News & Media Limited and controlled entities

for the period ended 30 June 2015

Contents

Results for announcement to the market for the half-year ended 30 June 2015 (previous corresponding period: half-year ended 30 June 2014)

Results for announcement to the market

Revenue from continuing operations	up	5%	to	$427.6m
Revenue from ordinary activities	up	4%	to	$427.6m
Net profit attributable to members of the parent entity	down	67%	to	$7.5m

Net profit attributable to members of the parent entity in the previous corresponding period was a profit of $22.6m.

Dividends

The directors have determined that no interim dividend will be payable for the year ending 31 December 2015.

Net tangible assets per share	June 2015 $	Dec 2014 $
Net tangible asset backing per ordinary share	(0.29)	(0.25)
Net asset backing per ordinary share	0.43	0.42

Directors' report

Your directors present their report on the consolidated entity consisting of APN News & Media Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2015.

1. Directors

The directors of the company at any time during the period ended 30 June 2015 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated:

Peter Cosgrove (Chairman)

Ted Harris (Deputy Chairman)

Paul Connolly

Anne Templeman-Jones

Peter Cullinane

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

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

2. Review of operations

The results of the company for the half year include:

- Revenue from continuing operations of $427,568,000, up 5% on the prior corresponding period
- Segment result (EBITDA before exceptional items) of $71,246,000, up 1% on the prior corresponding period
- Net profit after tax attributable to owners of the parent entity of $7,454,000

Refer to the Operating and Financial review on pages 5 and 6 for additional details.

3. Dividends

The Directors have determined that no dividend will be payable in respect of the half-year ended 30 June 2015.

4. Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

5. Auditor's independence declaration

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

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

Peter Cosgrove
Chairman

20 August 2015
Sydney

Operating and financial review

Performance overview

APN News & Media Limited's (APN) statutory net profit attributable to shareholders for the period was $7.5 million compared to $22.6 million in 2014. Revenue from continuing operations was up 5% to $427.6 million (up 3% on a constant currency basis) and earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations and before exceptional items was up 1% to $71.2 million (down 1% on a constant currency basis).

The strong revenue performance was driven by continued growth in the Australian Radio Network (ARN), following last year's audience gains and the acquisition of Perth's 96FM in January this year, and improving revenue trends in NZME Publishing. Revenue performance across our other divisions was mixed, with ARM continuing to see moderation in revenue declines; NZME Radio delivering direct revenue growth but impacted by a weak agency market, and Hong Kong Outdoor affected by the weak advertising conditions in that market at the beginning of the year, as well as the loss of the bus body advertising contract towards the end of the period.

Group costs before exceptionals were $22.2 million higher in the half ($14.6 million on a constant currency basis), reflecting the continued investment and revenue growth in ARN; the acquisition of 96FM, and incremental costs in New Zealand as we invest in the integration of the NZME businesses. In NZME, we expect the cost growth to reverse during the second half as the integration cost savings flagged at the end of last year start to be delivered.

The loss of the bus body contract in Hong Kong has required us to restructure that business, with 50% of the employees leaving at the end of June. In addition, accounting standards require us to now provide for the onerous elements of the Buzplay contract which was renegotiated last year. This provision is the most significant item in the net exceptional costs of $17.7 million shown in the table below. The other exceptional costs in the period include redundancies in both publishing divisions, one off finance costs associated with the recent extension of the Group's debt facilities and acquisition costs related to the purchase of 96FM.

Refinancing

In July, APN successfully extended its debt facilities with a syndicate of domestic and international banks. The facility matures in June 2019.

	Segment result		Exceptional items		Statutory result	
AUD million	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Revenue before finance income	427.6	405.9	-	-	427.6	405.9
Other income	4.7	4.5	0.4	5.3	5.1	9.8
Share of associate profits	4.5	3.7	-	-	4.5	3.7
Costs	(365.5)	(343.3)	(18.8)	(6.5)	(384.3)	(349.9)
EBITDA	**71.2**	**70.7**	**(18.4)**	**(1.2)**	**52.9**	**69.5**
Depreciation/amortisation	(18.4)	(16.5)	-	-	(18.4)	(16.5)
EBIT	**52.8**	**54.3**	**(18.4)**	**(1.2)**	**34.5**	**53.0**
Net interest	(16.6)	(19.3)	(3.3)	-	(20.0)	(19.3)
Tax	(8.6)	(6.0)	4.1	2.0	(4.6)	(4.0)
Profit from continuing operations	**27.6**	**29.0**	**(17.7)**	**0.8**	**9.9**	**29.8**
Profit from discontinued operations	-	(0.6)	-	(1.9)	-	(2.6)
Net profit after tax	**27.6**	**28.4**	**(17.7)**	**(1.2)**	**9.9**	**27.2**
Profit attributable to owners of the parent entity	25.1	23.8	(17.7)	(1.2)	7.5	22.6
Non-controlling interest	2.5	4.6	-	-	2.5	4.6
	27.6	**28.4**	**(17.7)**	**(1.2)**	**9.9**	**27.2**

Australian Radio Network

In the first half of 2015, ARN continued to build on the success it experienced in 2014 and maintained its position as Australia's number one metropolitan radio network by audience.

In a robust radio market up five per cent, ARN grew its revenues 29 per cent due to revenue generating investments ARN has made in the Perth, Melbourne and Drive. Agency revenues, which are up 45 per cent overall, continue to drive overall revenue growth. EBITDA grew 26 per cent while costs grew 30 per cent year on year.

The cost growth is due, in part, to the 96FM acquisition which is ahead of budget and is delivering national benefits for ARN. Cost growth is also attributed to increased commissions and royalties, content strategies and additional marketing. Fixed cost growth will return to nominal levels from 2016.

NZME.

Strategically, operationally and commercially, NZME is on-track to achieve its transformation goals outlined in the forecast provided to market in late 2014. NZME revenues were down one per cent to NZ$214.9 million despite challenging market conditions in Q2.

Taking into account new integration-related costs, overall costs increased one per cent on prior year. EBITDA was down 13 per cent. To offset the increased costs, integration and procurement cost savings of NZ$18m have been identified for implementation, with benefits to be realised over the next 18 months.

NZME Publishing achieved revenue of NZ$145.9 million which was up two per cent on a like for like basis. Revenue performance was driven, in part, by strong real estate and digital revenues as well as early success with integrated selling. Circulation revenue was stable with circulation declines offset by cover price increases. The overall New Zealand advertising market was strong in Q1 but softened considerably in Q2. Despite this, advertising revenues were down only two per cent.

In a challenging Q2 agency market, NZME Radio revenues for the half were down two per cent year on year to NZ$60.3 million. Agency advertising revenues were down eight per cent on the prior year while direct revenues were up two per cent.

NZME eCommerce revenues were down 11 per cent. Revenue performance was significantly impacted by email deliverability issues following a change in provider. This is now being rectified with transition to the previous platform.

Australian Regional Media

ARM's audience continues to grow with its titles reaching over 1.8 million people each month, the most in its history.

ARM's revenues are down five per cent year on year. After a strong Q1 driven by increased government and real estate revenues, softer market conditions in Q2 affected overall revenue performance.

Local advertising revenues remained resilient, down just two per cent on the prior year while cover price increases have helped in slowing circulation revenue decline.

Adshel

Adshel, which is part owned by iHeartMedia, experienced an eight per cent growth in revenues to $72.2 million. EBITDA is up six per cent to $14.5 million on last year as full benefits of the Sydney Trains advertising network are realised and its street furniture network offering continues to attract high quality advertisers.

Initial results from the launch of Adshel's digital street furniture networks in Australia and New Zealand, as well as a range of investment programs, are expected to drive revenue benefits to the business.

Hong Kong Outdoor

APN's Hong Kong based outdoor advertising business experienced a weak start to the year with the businesses experiencing flow on effects from the Occupy Central protests in Q4 2014 and changes in the Chinese Government's New Year gifting policy affecting the advertising market. The transition out of the bus body contract started to impact bookings from May. Revenue decreased 12 per cent and EBITDA has declined substantially to HK$0.1 million.

The transition out of the bus body contract saw the team reduced by 50 per cent effective 1 July with a new management team to be phased in. APN is committed to re-building this business.

Commercially, Cody has recently been successful in securing a number of new billboard sites around Hong Kong including the Star Ferry Car park - a high traffic location in Central.

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

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

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

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

MK Graham
Partner
PricewaterhouseCoopers

Sydney
20 August 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Consolidated income statement

for the period ended 30 June 2015

	Note	June 2015 $'000	June 2014 $'000
Revenue from continuing operations	2	**427,568**	405,897
Other revenue and income	2	**5,340**	10,072
Total revenue and other income	2	**432,908**	415,969
Expenses before finance costs		**(402,695)**	(366,343)
Finance costs		**(20,220)**	(19,519)
Share of profits of associates	5	**4,519**	3,658
Profit before income tax	**3**	**14,512**	33,765
Income tax expense	4	**(4,564)**	(3,989)
Profit from continuing operations		**9,948**	29,776
Loss from discontinued operations	7	**-**	(2,562)
Profit for the period		**9,948**	27,214
Profit is attributable to:			
Owners of the parent entity		**7,454**	22,610
Non-controlling interests		**2,494**	4,604
		9,948	27,214
Earnings per share from continuing operations			
Basic/diluted earnings per share	13	**0.7 cents**	2.7 cents
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings per share	13	**0.7 cents**	2.4 cents

Consolidated statement of comprehensive income

for the period ended 30 June 2015

	June 2015 $'000	June 2014 $'000
Profit for the period	**9,948**	27,214
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**1,536**	566
Share of joint venture's comprehensive income	**-**	(1,103)
Share of associate's comprehensive income	**(809)**	74
Exchange and other differences applicable to non-controlling interest	**-**	(94)
Items that will not be reclassified to profit or loss		
Re-measurements on retirement benefit obligations	**348**	(350)
Other comprehensive income, net of tax	**1,075**	(907)
Total comprehensive income	**11,023**	26,307
Total comprehensive income is attributable to:		
Owners of the parent entity	**8,529**	21,797
Non-controlling interests	**2,494**	4,510
	11,023	26,307
Total comprehensive income attributable to owners of the parent entity arises from:		
Continuing operations	**8,529**	25,350
Discontinued operations	**-**	(3,553)
	8,529	21,797

Consolidated balance sheet

as at 30 June 2015

	Note	June 2015 $'000	Dec 2014 $'000
Current assets			
Cash and cash equivalents		**41,847**	38,980
Receivables		**126,073**	129,494
Inventories		**6,541**	7,615
Income tax receivable		**1,012**	2,207
Other current assets		**5,240**	6,711
Total current assets		**180,713**	185,007
Non-current assets			
Other financial assets	14	**27,356**	26,352
Investments accounted for using the equity method	5	**51,645**	52,935
Property, plant and equipment		**124,598**	133,570
Intangible assets	8	**741,690**	690,627
Deferred tax assets		**35,443**	40,430
Total non-current assets		**980,732**	943,914
Total assets		**1,161,445**	1,128,921
Current liabilities			
Payables		**108,642**	117,873
Interest bearing liabilities	9	**1,754**	1,643
Current tax liabilities		**1,258**	1,609
Provisions		**17,956**	10,911
Total current liabilities		**129,610**	132,036
Non-current liabilities			
Payables		**7,033**	6,000
Interest bearing liabilities	9	**526,861**	487,666
Retirement benefit obligations		**1,725**	2,073
Provisions		**10,107**	4,380
Deferred tax liabilities		**4,945**	24,655
Total non-current liabilities		**550,671**	524,774
Total liabilities		**680,281**	656,810
Net assets		**481,164**	472,111
Equity			
Contributed equity	10	**1,222,780**	1,222,780
Reserves		**(138,077)**	(138,877)
Accumulated losses		**(638,597)**	(646,696)
Total parent entity interest		**446,106**	437,207
Non-controlling interests		**35,058**	34,904
Total equity		**481,164**	472,111

Consolidated statement of changes in equity

for the period ended 30 June 2015

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non -controlling interest $'000	Total equity $'000
Balance at 1 January 2014		1,093,372	(70,503)	(660,878)	**361,991**	248,554	**610,545**
Profit for the period		–	–	22,610	**22,610**	4,604	**27,214**
Other comprehensive income		–	(463)	(350)	**(813)**	(94)	**(907)**
Transfer between reserves		–	(2,126)	2,126	**–**	–	**–**
Share based payments expense		–	581	–	**581**	–	**581**
Contributions of equity	10	129,408	–	–	**129,408**	–	**129,408**
Transactions with non-controlling interests		–	(40,449)	–	**(40,449)**	(212,426)	**(252,875)**
Total equity at 30 June 2014		1,222,780	(112,960)	(636,492)	**473,328**	40,638	**513,966**
Balance at 1 January 2015		1,222,780	(138,877)	(646,696)	**437,207**	34,904	**472,111**
Profit for the period		–	–	7,454	**7,454**	2,494	**9,948**
Other comprehensive income		–	727	348	**1,075**	–	**1,075**
Transfer between reserves		–	(297)	297	**–**	–	**–**
Share based payments expenses		–	384	–	**384**	–	**384**
Transactions with non-controlling interests		–	(14)	–	**(14)**	(2,340)	**(2,354)**
Total equity at 30 June 2015		1,222,780	(138,077)	(638,597)	**446,106**	35,058	**481,164**

Consolidated statement of cash flows
for the period ended 30 June 2015

	June 2015 $'000	June 2014 $'000
Cash flows from operating activities		
Receipts from customers	**478,804**	456,342
Payments to suppliers and employees	**(425,547)**	(414,567)
Dividends received	**174**	199
Interest received	**268**	242
Interest paid	**(14,974)**	(17,074)
Income taxes paid	**(1,413)**	(9,527)
Net cash inflows from operating activities	**37,312**	15,615
Cash flows from investing activities		
Payments for property, plant and equipment	**(11,415)**	(5,703)
Payments for software	**(1,798)**	(2,091)
Acquisition of controlled entities	**(76,104)**	–
Payments for other intangible assets	**(4,114)**	–
Proceeds from sale of property, plant & equipment	**796**	638
Proceeds from sale of businesses	–	5,387
Net payments for purchase / proceeds from sale of financial assets	–	60,639
Dividend received from associates	**5,000**	4,000
Net loans repaid by other entities	**2,266**	1,786
Net cash inflows/(outflows) from investing activities	**(85,369)**	64,656
Cash flows from financing activities		
Proceeds from borrowings	**79,161**	169,757
Repayments of borrowings	**(25,101)**	(118,962)
Principal repayments under finance leases	–	(1,301)
Proceeds from share issue	–	128,166
Net payments to non-controlling interests	**(2,830)**	(252,480)
Net cash inflows/(outflows) from financing activities	**51,230**	(74,820)
Change in cash and cash equivalents	**3,173**	5,451
Cash and cash equivalents at the beginning of the period	**38,980**	19,956
Effects of exchange rate changes	**(306)**	(450)
Cash and cash equivalents at the end of the period	**41,847**	24,957

Notes to the financial statements

1. Summary of significant accounting policies

Basis of preparation

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

The accounting policies adopted are consistent with those detailed in the 2014 Annual Report.

(a) Critical accounting judgements and key sources of estimation uncertainty

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

(i) Impairment

The Group annually tests whether goodwill and other non-amortising intangible assets have suffered any impairment. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions.

(ii) Income taxes

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

Judgement is also 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.

(b) Standards and interpretations issued but not yet effective

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services. The AASB has also issued an equivalent standard. The Group will consider the impact of the new rules on its revenue recognition policies during the second half of the year.

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.

Notes to the financial statements

2. Revenue and other income

	June 2015 $'000	June 2014 $'000
From continuing operations		
Advertising revenue	**365,832**	342,217
Circulation revenue	**61,736**	63,680
Revenue from continuing operations	**427,568**	405,897
Finance income	**268**	240
Dividends received	**113**	231
Gain on disposal of properties and businesses	**418**	5,323
Gain on financial assets held at fair value through profit and loss	**3,627**	3,886
Other	**914**	392
Total other revenue and income	**5,340**	10,072
Total revenue and other income	**432,908**	415,969

From discontinued operations (refer note 7)		
Total revenue and other income	-	6,082

3. Segment information

(a) Description of segments

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

NZME Publishing	Newspaper, magazine and online publishing
NZME Radio	Radio networks throughout New Zealand
GrabOne	e-Commerce business
Australian Regional Media	Newspaper and online publishing
Australian Radio Network	Metropolitan radio networks
Outdoor	Street Furniture, billboard, transit and other outdoor advertising

(b) Results by operating segment

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.

Further to the changes to our New Zealand operations last year the New Zealand Media segment has been renamed NZME Publishing, The Radio Network segment has been renamed NZME Radio, and GrabOne is now being separately reported as a segment. The NZME Publishing segment includes the costs associated with the NZME group executive team and also other staff working in integrated functions.

Notes to the financial statements

3. Segment information (continued)

(b) Results by operating segment (continued)

The segment information provided to the Directors and senior management team for the period ended 30 June 2015 is as follows:

2015 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	**138,371**	**57,155**	**8,161**	**94,494**	**104,603**	**24,784**	**—**	**427,568**
Segment result	**18,809**	**10,194**	**1,669**	**8,161**	**36,605**	**3,314**	**(7,506)**	**71,246**

Reconciliation of segment result to profit before income tax	
Segment result	71,246
Depreciation and amortisation	(18,409)
Net finance costs	(19,952)
Gain on disposal of properties	418
Redundancies and associated costs	(1,359)
Onerous contract costs	(12,828)
Asset write downs	(2,572)
Acquisition costs	(1,375)
NZME integration costs	(657)
Profit before tax from continuing operations	14,512

Net finance costs includes $3.3m 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.

Gains on disposal of properties is the gain on sale of an NZME property in Invercargill, New Zealand.

The redundancies and associated costs relate to the ongoing restructuring of our publishing divisions and integration of the New Zealand operations.

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

The asset write downs includes 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 plans.

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

NZME integration costs relate to external consultants assisting with the integration and co-location in New Zealand.

Notes to the financial statements

3. Segment information (continued)

(b) Results by operating segment (continued)

2014 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	135,623	56,932	9,015	98,998	81,223	24,106	—	405,897
Segment result	22,698	10,099	1,843	10,475	29,029	4,617	(8,036)	70,725

Reconciliation of segment result to profit before income tax	
Segment result	70,725
Depreciation and amortisation	(16,470)
Net finance costs	(19,279)
Gain on disposal of property and businesses	5,323
Redundancies and associated costs	(4,886)
Asset write downs and business closures	(1,648)
Profit before tax from continuing operations	33,765

The gain on disposal of properties and businesses relates mainly to the sale of the New Zealand Magazine's consumer titles.

The redundancies and associated costs relate to the ongoing restructuring of our publishing divisions.

(c) Other segment information

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.

4. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months to 30 June 2015 is 24%, compared to 17% for the six months to 30 June 2014.

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% to 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.

Notes to the financial statements

5. Interest in other entities

(a) Material subsidiaries with non-controlling interests

Set out below are the Group's material subsidiaries with non-controlling interests at 30 June 2015. 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.

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

(b) Interests in associates

			Ownership interest held by the Group				Consolidated carrying values	
Name of entity	Place of business	Country of incorporation	June 2015	Dec 2014	Nature of relationship	Measurement method	June 2015 $'000	Dec 2014 $'000
Adshel Street Furniture Pty Limited(1)	Australia and New Zealand	Australia	50%	50%	Associate	Equity method	39,335	41,849
Soprano Design Pty Limited(2)	Australia	Australia	25%	25%	Associate	Equity method	12,310	11,086
							51,645	52,935

(1) Adshel Street Furniture Pty Limited is an outdoor advertising specialist with networks throughout Australia and New Zealand.

(2) 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.

	June 2015 $'000	June 2014 $'000
Adshel Street Furniture Pty Limited	3,295	3,050
Soprano Design Pty Limited	1,224	608
Share of profits of associates	4,519	3,658

Notes to the financial statements

6. Business Combinations

On 31 January 2015, the Company acquired 100% of Radio 96FM Perth Pty Limited. Details of the purchase consideration, net assets acquired and goodwill, are as follows:

	$'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**

The goodwill recognised is the ability to offer national advertising campaigns and synergies expected to arise after the acquisition. None of the goodwill will be deductible for tax purposes. Acquisition related costs of $1,375,000 are included in the income statement.

Notes to the financial statements

7. Discontinued operations

There were no discontinued operations in the period to 30 June 2015.

On 24 January 2014, the Company announced 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 Group announced it had sold brandsExclusive to Aussie Commerce Group for $2 million and 8% of the equity in Aussie Commerce Group.

The results of brandsExclusive and APN Outdoor prior to disposal are reported as discontinued operations.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information

	June 2014 $'000
Revenue and other income	4,979
Expenses	(5,864)
Loss before income tax	(885)
Income tax credit	265
Loss after income tax of discontinued operation	(620)
Gain on sale of division before income tax	1,103
Income tax expense	(3,045)
Loss on sale of the division after income tax	(1,942)
Loss from discontinued operations	(2,562)
Net cash outflows from operating activities	(1,947)
Net cash inflows from investing activities	60,639
Net increase in cash generated by the division	58,692

Notes to the financial statements

8. Intangible assets

	June 2015 $'000	Dec 2014 $'000
Goodwill	**86,596**	81,434
Software – net of accumulated amortisation	**7,145**	10,067
Mastheads – at cost less provision for impairment	**179,968**	188,547
Radio Licenses – net of accumulated amortisation	**416,105**	354,200
Brands – at cost	**51,876**	56,379
	741,690	690,627

9. Interest bearing liabilities

	June 2015 $'000	Dec 2014 $'000
Current		
Other financing	**1,754**	1,643
Total current interest bearing liabilities	**1,754**	1,643
Non-current		
Bank loans	**531,445**	493,924
Other financing	-	1,200
	531,445	495,124
Deduct		
Borrowing costs	**7,269**	8,352
Accumulated amortisation	**(2,685)**	(894)
Net borrowing costs	**4,584**	7,458
Total non-current interest bearing liabilities	**526,861**	487,666

10. Equity securities issued

	June 2015 No. of shares	June 2014 No. of shares	June 2015 $'000	June 2014 $'000
Balance at the start of the period	**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)
	—	367,514,770	—	129,408
Balance at the end of the half year	**1,029,041,356**	1,029,041,356	**1,222,780**	1,222,780

Notes to the financial statements

11. Dividends

	June 2015 $'000	June 2014 $'000
No final dividend for the year ended 31 December 2014 (2013: Nil)	**-**	-
Dividends not recognised at the end of the half-year		
The directors have determined no interim dividend will be payable (2014: Nil)	**-**	-

12. Contingent liabilities

Guarantees

The parent entity and all wholly owned controlled entities have provided guarantees in respect of its credit facilities. As at 30 June 2015, the facilities have been drawn to the extent of $532,824,000 (December 2014: $495,828,000)

Claims

Claims for damages are made against the consolidated entity from time to time in the ordinary course of business. The directors are not aware of any claim that is expected to result in significant costs or damages.

The Company is involved in a dispute with the IRD regarding certain financing transactions. Refer to note 4 for further details.

13. Earnings per share

	June 2015 Cents per share	June 2014 Cents per share
Basic earnings per share from continuing operations	**0.7**	2.7
Diluted earnings per share from continuing operations	**0.7**	2.7
Basic earnings per share from continuing and discontinued operations	**0.7**	2.4
Diluted earnings per share from continuing and discontinued operations	**0.7**	2.4

	June 2015 Number	June 2014 Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**1,029,041,356**	932,451,799
Adjusted for calculation of diluted EPS	**-**	-
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share	**1,029,041,356**	932,451,799

Notes to the financial statements

14. Fair value measurement of financial instruments

(a) Fair value hierarchy

AASB 13 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).

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2015 and 31 December 2014 on a recurring basis:

30 June 2015	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	-	-	27,356	**27,356**
Total financial assets	-	-	27,356	**27,356**
Non-financial assets				
Land and buildings				
Land	-	-	2,760	**2,760**
Buildings	-	-	6,468	**6,468**
Total non-financial assets	-	-	9,228	**9,228**

31 December 2014	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	-	-	26,352	**26,352**
Total financial assets	-	-	26,352	**26,352**
Non-financial assets				
Land and buildings				
Land	-	-	3,262	**3,262**
Buildings	-	-	6,746	**6,746**
Total non-financial assets	-	-	10,008	**10,008**

(b) Valuation techniques used to derive level 3 values

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods, including discounted cash flow models, and makes assumptions that are based on market conditions existing at the end of each reporting period. The assumptions in the discounted cash flow models are consistent with those used in the Group's impairment review.

Notes to the financial statements

14. Fair value measurement of financial instruments (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half year ended 30 June 2015

	Shares in other corporations $'000	Freehold land $000	Buildings $'000	Contingent consideration payable $'000	Total $'000
Opening balance 31 December 2014	26,352	3,262	6,746	750	37,110
Disposals and other transfers	(176)	(323)	(52)	-	(551)
Depreciation	-	-	(134)	-	(134)
Gains / (losses) recognised in other comprehensive income	(181)	(179)	(92)	-	(452)
Gains recognised in other income	1,361	-	-	-	1,361
Closing balance 30 June 2015	**27,356**	2,760	6,468	**750**	**37,334**

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements

Description	Fair value as at 30 June 2015	Valuation technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Shares in other corporations	23,557	Discounted cash flows	Cash flow growth factor	2.0% - 3.0% (2.5%)	Increased cash growth factor by 50 basis points and lowering discount rate by 100 basis points would increase the fair value by $3.5m. Lower cash growth factor by 50 basis points and higher discount rate by 100 basis points would decrease the fair value by $2.7m.
			Risk adjusted discount rate	14% (14%)	
	3,799	Capitalisation multiple	EBITDA multiples	Between 3.5x and 5.5x (4.5x)	The higher the capitalisation multiple the higher the value.
	27,356				

There were no changes in valuation techniques during the half year.

15. Subsequent events

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

Other than the matter described above, the Directors are not aware of any significant events subsequent to the balance sheet date.

Directors' declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 8 to 23 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date, and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Peter Cosgrove
Chairman

Sydney
20 August 2015

Independent auditor's review report

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of APN News & Media Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected 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 during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APN News & Media Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Conclusion

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

c) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 30 June 2015 included on APN News & Media Limited's web site. The company's directors are responsible for the integrity of the APN News & Media Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. 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 reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

MGraham

MK Graham
Partner
PricewaterhouseCoopers

Sydney
20 August 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au