RULE 4.3A APPENDIX 4E

APN News & Media Limited
ABN 95 008 637 643

Preliminary final report
Full year ended 31 December 2014

Results for Announcement to the Market

As reported

Revenue from continuing operations	up	3%	to	**$843.2m**
Revenue from discontinued operations	down	92%	to	**$5.0m**
Revenue from ordinary activities	down	4%	to	**$848.2m**
Net profit attributable to members of the parent entity	up	338%	to	**$11.5m**

Refer to separate market announcement and presentation for further details and commentary on the results for the year.

Dividends	Amount per share	Franked amount per share
The Directors have determined that no final dividend will be payable for the year ended 31 December 2014.		
Interim 2014 dividend	0.0 cents	0.0 cents

Net tangible assets per share	December 2014 $	December 2013 $
Net tangible asset backing per ordinary share	(0.25)	(0.18)
Net asset backing per ordinary share	0.42	0.55

This report is based on the consolidated financial statements which are in the process of being audited.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue from continuing operations	2	**843,157**	817,226
Other revenue and income	2	**16,084**	16,233
Total revenue and other income		**859,241**	833,459
Expenses from continuing operations before finance costs	3	**(755,866)**	(729,749)
Impairment of intangible assets	12	**(49,678)**	–
Finance costs	3	**(41,822)**	(38,516)
Share of profits of associates	10	**11,263**	10,565
Profit before income tax		**23,138**	75,759
Income tax (expense)/credit	5	**(6,430)**	758
Profit from continuing operations		**16,708**	76,517
Profit/(loss) from discontinued operations	8	**2,417**	(48,840)
Profit for the year		**19,125**	27,677
Profit for the year is attributable to:			
Owners of the parent entity		**11,489**	2,626
Non-controlling interests		**7,636**	25,051
		19,125	27,677

	Note	Cents	Cents
Earnings per share from continuing operations			
Basic/diluted earnings per share	28	**0.9**	6.5
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings per share	28	**1.2**	0.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Profit for the year		**19,125**	27,677
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net exchange difference on translation of foreign operations	18	**(1,325)**	5,538
Share of joint venture's comprehensive income	18	**(1,103)**	215
Share of associate's comprehensive income	18	**361**	1,500
Exchange and other differences applicable to non-controlling interests		**(94)**	14,172
Items that will not be reclassified to profit or loss			
Revaluation of freehold land and buildings	18	**–**	76
Remeasurements on retirement benefit obligations	18	**(440)**	800
Other comprehensive income, net of tax		**(2,601)**	22,301
Total comprehensive income		**16,524**	49,978
Total comprehensive income is attributable to:			
Owners of the parent entity		**8,982**	10,755
Non-controlling interests		**7,542**	39,223
		16,524	49,978
Total comprehensive income attributable to owners of the parent entity arises from:			
Continuing operations		**7,556**	56,805
Discontinued operations		**1,426**	(46,050)
		8,982	10,755

CONSOLIDATED BALANCE SHEET

as at 31 December 2014

	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	29	**38,980**	19,956
Receivables	6	**129,494**	120,961
Inventories	7	**7,615**	7,569
Income tax receivable		**2,207**	2,106
Other current assets		**6,711**	8,729
		185,007	159,321
Assets held for sale	8	**–**	119,236
Total current assets		**185,007**	278,557
Non-current assets			
Other financial assets	9	**26,352**	23,394
Investments accounted for using the equity method	10	**52,935**	50,811
Property, plant and equipment	11	**133,570**	149,381
Intangible assets	12	**690,627**	714,855
Deferred tax assets	16	**40,430**	37,903
Total non-current assets		**943,914**	976,344
Total assets		**1,128,921**	1,254,901
Current liabilities			
Payables	13	**117,873**	113,432
Interest bearing liabilities	14	**1,643**	67,852
Current tax liabilities		**1,609**	7,475
Provisions	15	**10,911**	9,288
		132,036	198,047
Liabilities directly associated with assets held for sale	8	**–**	55,678
Total current liabilities		**132,036**	253,725
Non-current liabilities			
Payables	13	**6,000**	–
Interest bearing liabilities	14	**487,666**	384,583
Retirement benefit liability	21	**2,073**	1,545
Provisions	15	**4,380**	4,503
Deferred tax liabilities	16	**24,655**	–
Total non-current liabilities		**524,774**	390,631
Total liabilities		**656,810**	644,356
Net assets		**472,111**	610,545
Equity			
Contributed equity	17	**1,222,780**	1,093,372
Reserves	18	**(138,877)**	(70,503)
Accumulated losses	18	**(646,696)**	(660,878)
Total parent entity interest		**437,207**	361,991
Non-controlling interests	18	**34,904**	248,554
Total equity		**472,111**	610,545

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

		Attributable to owners of the parent entity					
	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2013		1,093,372	(76,455)	(666,487)	**350,430**	235,069	**585,499**
Profit for the period		–	–	2,626	**2,626**	25,051	**27,677**
Other comprehensive income		–	7,329	800	**8,129**	14,172	**22,301**
Transfers within equity	18	–	(2,183)	2,183	**–**	–	**–**
Transactions with non-controlling interests	18	–	806	–	**806**	(25,738)	**(24,932)**
Balance at 31 December 2013		1,093,372	(70,503)	(660,878)	**361,991**	248,554	**610,545**
Balance at 1 January 2014		1,093,372	(70,503)	(660,878)	**361,991**	248,554	**610,545**
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	17	129,408	–	–	**129,408**	–	**129,408**
Share based payments expense	18	–	1,295	–	**1,295**	–	**1,295**
Transfers within equity	18	–	(3,133)	3,133	**–**	–	**–**
Transactions with non-controlling interests	18	–	(64,469)	–	**(64,469)**	(221,192)	**(285,661)**
Balance at 31 December 2014		1,222,780	(138,877)	(646,696)	**437,207**	34,904	**472,111**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		**944,986**	999,416
Payments to suppliers and employees		**(825,709)**	(862,337)
Dividends received		**1,697**	2,946
Interest received		**573**	700
Interest paid		**(37,139)**	(33,176)
Income taxes paid		**(12,123)**	(19,167)
Net cash inflows from operating activities	29	**72,285**	88,382
Cash flows from investing activities			
Payments for property, plant and equipment		**(14,809)**	(14,312)
Payments for software		**(5,286)**	(2,351)
Payments for other intangible assets		**(9,183)**	–
Proceeds from sale of property, plant and equipment		**3,516**	8,054
Net proceeds from sale of businesses		**5,343**	1,240
Net proceeds from sale of financial assets		**74,370**	–
Net loans repaid by/(advanced to) other entities		**1,997**	(75)
Dividends received from associate		**9,500**	13,500
Net cash inflows from investing activities		**65,448**	6,056
Cash flows from financing activities			
Proceeds from borrowings		**865,266**	96,328
Repayments of borrowings		**(793,760)**	(156,755)
Payments for borrowing costs		**(8,992)**	(49)
Principal repayments under finance leases		**(38,872)**	(2,421)
Proceeds from share issue		**128,166**	–
Net payments to non-controlling interests		**(271,422)**	(31,284)
Net cash outflows from financing activities		**(119,614)**	(94,181)
Change in cash and cash equivalents		**18,119**	257
Cash and cash equivalents at beginning of the year		**19,956**	20,338
Effect of exchange rate changes		**905**	2,164
Cash and cash equivalents at end of the year	29	**38,980**	22,759
Less cash transferred to assets held for sale	8	**–**	(2,803)
Cash and cash equivalents related to continuing operations		**38,980**	19,956

The consolidated statement of cash flows includes cash flows from continuing and discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of APN News & Media Limited and its subsidiaries.

(a) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, except for certain disclosure requirements of AASB 124 *Related Party Disclosures* and Corporations Regulation 2M.3.01 *Disclosures required by notes to consolidated financial statements – annual financial reports*. These disclosures will be incorporated into the financial statements included in the Annual Report.

Historical cost convention

These financial statements have 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.

(b) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of APN News & Media Limited (Company or parent entity) and its subsidiaries as defined in AASB 10 *Consolidated Financial Statements*. APN News & Media Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer note 1(h)).

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.

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.

(ii) 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 movements in reserves 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.

The accounting policies of associates are consistent with the policies adopted by the Group in all material respects.

(iii) 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.

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.

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 profit or loss, and the share of post-acquisition movements in reserves 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 venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary, to ensure consistency with the policies adopted by the Group.

The accounting policies of the joint venture are consistent with the policies adopted by the Group in all material respects.

(c) SEGMENT REPORTING

The Group identifies operating segments based on the format of internal reports which are reviewed by key management personnel in assessing performance and in allocating resources.

(d) 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 deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or 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.

(e) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of commissions, returns, rebates and taxes paid. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the economic benefits will flow to the Group.

Advertising revenue from Publishing is recognised when a newspaper or magazine is published, from Broadcasting when the advertisement is broadcast and from Outdoor and Online operations over the period when displayed.

Sale of goods, circulation, printing and coupon revenue is recognised when control of the goods passes to the buyer.

Other income includes rental income and dividends. These items are recognised when the services have been provided or the Group's right to receive payment has been established.

(f) INCOME TAX

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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) INCOME TAX (continued)

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 liabilities and assets 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.

(g) LEASES

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Assets acquired under finance leases are included as property, plant and equipment in the balance sheet. 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 profit or loss 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 consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets held at balance date are amortised over periods ranging from one to five years.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments, excluding contingent payments, are charged to profit or loss on a straight line basis over the period of the lease.

(h) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. 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.

(i) 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 events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

(j) CASH AND CASH EQUIVALENTS

For cash flow presentation requirements, cash and cash equivalents comprised cash on hand, deposits held at call with banks and investments in money market instruments, net of outstanding bank overdrafts.

(k) TRADE RECEIVABLES

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 60 days.

Debts which are known to be uncollectible are written off. A provision for doubtful debts is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The carrying amount of the asset is reduced through the use of a provision account and the amount of the 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.

(l) INVENTORIES

Inventories are stated 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 cost necessary to make the sale.

(m) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

(n) FINANCIAL ASSETS

(i) Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Financial assets are subsequently measured at fair value or where certain criteria are met at amortised cost.

(ii) Financial assets at amortised cost

The Group's loans and receivables meet the requirements for measurement at amortised cost based on the objectives for which they are held and the contractual terms.

(iii) Financial assets at fair value

The Group's investments in equity instruments are measured at fair value, determined in the manner described in note 32. 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.

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

(o) 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).

(i) 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.

(ii) 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 profit or loss in other income or other expenses.

NOTES TO THE FINANCIAL STATEMENTS
Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) DERIVATIVES (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in profit or loss 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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iii) 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 profit or loss.

(p) PROPERTY, PLANT AND EQUIPMENT

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. Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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.

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.

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
- plant and equipment 3-25 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. 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 (refer note 1(i)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(q) INTANGIBLE ASSETS

(i) 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 on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised but rather is subject to periodic impairment testing as described in note 1(i).

(ii) Software

Costs incurred in developing systems and costs incurred in acquiring software and licences are capitalised to software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

(iii) Mastheads

Mastheads, being the titles of the newspapers and magazines produced by the consolidated entity, are accounted for as identifiable assets and are brought to account at cost. The Directors believe the mastheads have indefinite lives and accordingly, no amortisation has been provided against the carrying amount.

(iv) 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 consolidated entity 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.

(v) 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.

(vi) Brands

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

(r) TRADE PAYABLES

Trade payables, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade payables are unsecured and are generally settled within 30 days.

(s) BORROWINGS

Loans, bonds and convertible notes are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of trade and other payables.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) PROVISIONS

Provisions for restructuring costs and make good obligations 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 not recognised for future operating losses.

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.

(u) EMPLOYEE BENEFITS

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, expected to be settled wholly within 12 months from the reporting date are recognised in trade and other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave expected to be settled wholly within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with the above paragraph. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Short-term incentive plans

A liability for short-term incentives is recognised in trade and other payables 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.

(iv) Long-term incentive plans – performance rights

Share-based compensation benefits are provided to employees via the Long-term Incentive (LTI) plan. Information relating to these schemes is set out in note 17.

The fair value of rights granted under the LTI plan is recognised as an employee benefit 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.

NOTES TO THE FINANCIAL STATEMENTS

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) EMPLOYEE BENEFITS (continued)

(iv) Long-term incentive plans – performance rights (continued)

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 entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit 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.

(v) Defined benefit superannuation plans

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses), less the fair value of the superannuation fund's assets at that date. Past service costs are recognised immediately in profit or loss. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, under the retained earnings method directly in other comprehensive income in the period in which they occur.

(v) CONTRIBUTED EQUITY

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.

(w) EARNINGS PER SHARE

(i) 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.

(ii) 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(x) DIVIDENDS

Provision is made 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.

(y) ROUNDING OF AMOUNTS

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 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.

(z) 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, in accordance with the accounting policy stated in note 1(i). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer note 12 for details of these assumptions and the potential impact of changes to these assumptions.

(ii) Property valuations

The Group periodically revalues land and buildings in accordance with the accounting policy stated in note 1(p). These valuations are based on available evidence at the time the valuation is conducted but are subject to estimation.

(iii) Income taxes

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

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, whether the unused tax losses resulted from identified causes which are unlikely to recur and tax planning opportunities.

(aa) 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. While the AASB has not yet issued an equivalent standard, they are expected to do so in the 2015 financial year. The Group will consider the impact of the new rules on its revenue recognition policies when the AASB issues the new accounting standard.

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.

2. REVENUE AND OTHER INCOME

	2014 $'000	2013 $'000
From continuing operations		
Advertising revenue	**719,826**	687,228
Circulation revenue	**123,331**	129,998
Revenue from continuing operations	**843,157**	817,226
Dividends received	**1,756**	3,732
Rent received	**843**	1,001
Gains on disposal of properties and businesses	**5,759**	1,288
Foreign exchange gains	**2,161**	–
Gains on financial assets held at fair value through profit or loss	**4,097**	1,695
Gains on derecognition of contingent consideration payable	**–**	4,710
Reversal of impairment of investment in associate	**–**	3,046
Other	**29**	140
Other income	**14,645**	15,612
Interest income	**1,439**	621
Finance income	**1,439**	621
Total other revenue and income	**16,084**	16,233
Total revenue and other income	**859,241**	833,459
From discontinued operations (refer note 8)		
Total revenue and other income	**11,082**	97,983

NOTES TO THE FINANCIAL STATEMENTS
Continued

3. EXPENSES

	2014 $'000	2013 $'000
Expenses from continuing operations before finance costs		
Employee benefits expense	**332,731**	322,119
Selling and production expense	**247,416**	233,990
Rental and occupancy expense	**67,232**	65,820
Depreciation and amortisation expense	**33,336**	33,003
Redundancies and associated costs	**8,940**	10,682
Asset write downs and business closures	**8,442**	12,485
Costs in relation to one off projects(i)	**8,106**	–
Losses on disposal of property	–	2,015
Other(ii)	**49,663**	49,635
Total expenses from continuing operations before finance costs	**755,866**	729,749
Depreciation		
Buildings	**333**	441
Plant and equipment	**22,220**	23,156
Plant and equipment under finance lease	**1,938**	2,794
Total depreciation	**24,491**	26,391
Amortisation		
Software	**5,838**	4,509
Radio licences	**3,007**	2,103
Total amortisation	**8,845**	6,612
Finance costs		
Interest and finance charges	**36,561**	35,772
Borrowing costs amortisation	**5,261**	2,744
Total finance costs	**41,822**	38,516
Rental expense relating to operating leases		
Property	**28,125**	28,653
Outdoor site rentals		
Minimum lease payments	**19,527**	21,264
Contingent rentals	**4,631**	3,526
Other	**3,444**	3,494
Total rental expense relating to operating leases	**55,727**	56,937
Impairment of receivables	**1,353**	1,552
Contributions to employee superannuation plans	**15,833**	14,980
From discontinued operations (refer note 8)		
Total expenses excluding write downs to fair value	**5,865**	65,593

(i) Refer note 4 for further details.

(ii) Other costs includes technology maintenance, consulting and professional fees, travel and entertainment, insurance and office costs.

4. 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:

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.

In 2014, iNC Digital Media (iNC) was transferred from the Digital segment to the Australian Radio Network (ARN) segment. The operations of iNC are now integrated with the other businesses in the Group and in particular ARN. Therefore, it was considered appropriate to report the results of iNC as part of the ARN segment. Comparatives have been restated to reflect this change.

Further to the changes to the New Zealand operations during the year, the New Zealand Media segment was renamed NZME Publishing; The Radio Network segment has been renamed NZME Radio and GrabOne is now being separately reported as a segment.

The segment information provided to the Directors and senior management team for the year ended 31 December 2014 is as follows:

2014	NZME Publishing $'000	NZME Radio $'000	GrabOne $'000	Australian Regional Media $'000	Australian Radio Network $'000	Outdoor $'000	Un-allocated $'000	Total $'000
Revenue from external customers	274,346	116,849	19,037	202,093	180,931	49,901	–	**843,157**
Segment result	47,962	23,102	4,015	25,036	66,488	14,267	(16,767)	**164,103**
Share of profits of associates	–	–	–	–	–	9,555	1,708	**11,263**
Segment assets	239,292	174,053	27,254	144,192	398,723	67,445	77,962	**1,128,921**
Segment liabilities	40,213	12,023	5,041	21,099	76,596	9,074	492,764	**656,810**

Reconciliation of segment result to profit before income tax from continuing operations

Segment result	**164,103**
Depreciation and amortisation	(33,336)
Net finance costs	(40,383)
Net gain on disposal of properties and businesses	5,759
Redundancies and associated costs	(8,940)
Asset write downs and business closures	(8,442)
Costs in relation to one off projects	(8,106)
Foreign exchange gains	2,161
Impairment of intangible assets	(49,678)
Profit before tax from continuing operations	**23,138**

NOTES TO THE FINANCIAL STATEMENTS
Continued

4. SEGMENT INFORMATION (continued)

(b) Results by operating segment (continued)

Net finance costs includes 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.

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

Redundancies and associated costs relates to ongoing restructuring of the publishing divisions and integration of the New Zealand operations.

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

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

2013	NZME Publishing $'000	NZME Radio $'000	GrabOne $'000	Australian Regional Media $'000	Australian Radio Network $'000	Outdoor $'000	Un-allocated $'000	Total $'000
Revenue from external customers	282,624	102,277	18,284	216,981	152,961	44,099	–	**817,226**
Segment result	52,973	19,969	4,743	29,706	58,486	12,320	(15,402)	**162,795**
Share of profits of associates	–	–	–	–	–	10,565	–	**10,565**
Segment assets	286,623	163,742	35,084	148,007	366,757	65,098	189,590	**1,254,901**
Segment liabilities	42,802	13,528	4,409	70,595	25,969	8,321	478,732	**644,356**

Reconciliation of segment result to profit before income tax from continuing operations

Segment result	**162,795**
Depreciation and amortisation	(33,003)
Net finance costs	(37,895)
Net loss on disposal of properties and businesses	(727)
Gains on derecognition of contingent consideration provision	4,710
Reversal of impairment of investment in associate	3,046
Redundancies and associated costs	(10,682)
Asset write downs and business closures	(12,485)
Profit before tax from continuing operations	**75,759**

The gains on derecognition of contingent consideration provision relates to adjustments to the amounts due under earn out and put option arrangements in relation to the acquisitions of IdeaHQ Limited and iNC.

Reversal of impairment of investment in associate relates to the investment in Soprano Design Pty Limited.

Redundancies and associated costs relates to ongoing restructuring of the publishing divisions, Chief Executive Officer and Chief Development Officer redundancies.

Asset write downs and business closures relates mainly to print and publishing properties and equipment.

(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.

Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, goodwill and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other payables, employee benefits and provision for restructuring. Tax balances and external borrowings are not allocated to operating assets or liabilities.

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

The Group is domiciled in Australia and operates predominantly in Australia, New Zealand and Asia. The amount of its revenue from external customers in Australia is $383,024,000 (2013: $370,131,000), in New Zealand is $410,232,000 (2013: $402,996,000) and in Asia is $49,901,000 (2013: $44,099,000). Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets located in Australia is $505,973,000 (2013: $506,128,000) and in other countries is $437,941,000 (2013: $470,216,000). Segment assets are allocated to countries based on where the assets are located.

5. INCOME TAX

	2014 $'000	2013 $'000
Current tax expense/(credit)	**(1,064)**	1,447
Deferred tax expense/(credit)	**10,999**	(1,022)
Adjustment for current tax of prior periods	**(706)**	(1,202)
Income tax expense/(credit)	**9,229**	(777)
Income tax is attributable to:		
Profit/(loss) from continuing operations	**6,430**	(758)
Profit/(loss) from discontinued operations	**2,799**	(19)
Aggregate income tax expense/(credit)	**9,229**	(777)
Income tax expense/(credit) differs from the prima facie tax as follows:		
Profit before income tax expense	**28,355**	26,900
Prima facie income tax at 30%	**8,506**	8,070
Tax effects of differences:		
Difference in international tax treatments and rates	**(16,300)**	(22,914)
Non-deductible impairment charge	**15,010**	21,934
Gains on derecognition of contingent consideration payable	**–**	(8,953)
Non-deductible interest	**1,350**	3,473
Carried forward losses booked/non-deductible losses	**13**	(145)
Tax losses written off	**6,036**	–
Previously unrecognised tax losses	**–**	102
Foreign exchange gains	**(2,964)**	(1)
Other	**(1,716)**	(1,141)
Prima facie tax adjusted for differences	**9,935**	425
Adjustment for current tax of prior periods	**(706)**	(1,202)
Income tax expense/(credit)	**9,229**	(777)

NOTES TO THE FINANCIAL STATEMENTS

Continued

5. INCOME TAX (continued)

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.

6. RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables	**121,865**	113,093
Provision for doubtful debts	**(2,863)**	(2,836)
	119,002	110,257
Loans to associates	**490**	577
Other receivables	**10,002**	10,127
Total current receivables	**129,494**	120,961

Trade receivables are generally settled within 60 days. The Directors consider the carrying amount of trade receivables approximates their net fair value.

(a) Impaired trade receivables

As at 31 December 2014, trade receivables of the Group with a nominal value of $5,717,000 (2013: $5,110,000) were impaired. For the purposes of AASB 7 *Financial Instruments: Disclosures*, impaired receivables are regarded as those that are more than 90 days past due, together with any other balances where the credit department considers collection to be in doubt. The amount of the provision was $2,863,000 (2013: $2,836,000). It was assessed that a portion of the impaired receivables is expected to be recovered.

The ageing of these receivables is as follows:

	2014 $'000	2013 $'000
One to three months	**2,087**	1,963
Three to six months	**1,930**	1,671
Over six months	**1,700**	1,476
Impaired receivables	**5,717**	5,110

Movements in the provision for doubtful debts are as follows:

Balance at beginning of the year	**2,836**	3,640
Provision for doubtful debts expensed	**1,353**	1,552
Receivables written off	**(1,326)**	(2,356)
Provision for doubtful debts	**2,863**	2,836

(b) Past due but not impaired trade receivables

As of 31 December 2014, trade receivables of $27,669,000 (2013: $27,336,000) were past due but not impaired. These receivables are 90 days or less past due.

Amounts charged to the provision account are generally written off when there is no expectation of recovery.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on previous collection history, over 99% of these receivables would be expected to be collected.

(c) Foreign exchange risk

The carrying amounts of the Group's current receivables are denominated in the following currencies:

	2014 $'000	2013 $'000
Australian dollars	65,718	60,786
New Zealand dollars	53,791	50,312
Hong Kong dollars	9,985	9,863
	129,494	120,961

(d) Fair value and credit risk

The fair value of current receivables is assumed to be their current value due to their short-term nature.

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 note 31 for further information on the risk management policy of the Group.

7. INVENTORIES

	2014 $'000	2013 $'000
Raw materials and stores	7,593	7,542
Finished goods	22	27
Total inventories	7,615	7,569

NOTES TO THE FINANCIAL STATEMENTS

Continued

8. DISCONTINUED OPERATIONS

On 24 January 2014, the Company announced that it has 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 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.

On 1 November 2013, the Company and the Bauer Media Group (Bauer) announced that they had entered into an agreement for the sale and purchase of New Zealand Magazines' consumer titles. Under the agreement, all the Group's wholly owned magazine brands, being the New Zealand Woman's Weekly, The Listener, Simply You, Simply You Living and Creme passed to Bauer. The Pacific Magazines titles – New Idea, That's Life and Girlfriend – were not affected by the transaction and the Group continued to publish these magazines under licence from the Pacific Magazines Group Australia. The transaction completed on 28 February 2014.

The assets and liabilities associated with the titles being sold to Bauer were treated as assets held for sale at 31 December 2013.

(a) Assets held for sale

	2013 $'000
Disposal groups held for sale (discontinued operations – refer (c) below)	
Cash and cash equivalents	2,803
Receivables	9,950
Inventories	1,525
Other current assets	40,000
Non-current receivables	28,000
Investments accounted for using the equity method	32,189
Property, plant and equipment	1,634
Intangible assets	229
Deferred tax assets	2,212
Other	694
Total assets	119,236

(b) Liabilities directly associated with assets held for sale

Disposal groups held for sale (discontinued operations – refer (c) below)	
Payables	54,531
Provisions	1,147
Total liabilities	55,678

(c) Discontinued operations

Financial performance and cash flow information

	2014 $'000	2013 $'000
Revenue and other income	9,979	97,983
Expenses	(5,865)	(69,593)
Write down of brandsExclusive assets to fair value	–	(53,270)
Write down of APN Outdoor to fair value	–	(23,608)
Share of losses of joint venture	–	(371)
Profit/(loss) before income tax	4,114	(48,859)
Income tax credit	265	19
Profit/(loss) after income tax of discontinued operations	4,379	(48,840)
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/(loss) from discontinued operations	2,417	(48,840)
Net cash outflows from operating activities	(1,947)	(4,452)
Net cash inflows/(outflows) from investing activities	74,370	(592)
Net increase/(decrease) in cash generated by the division	72,423	(5,044)

9. OTHER FINANCIAL ASSETS

	Note	2014 $'000	2013 $'000
Shares in other corporations	32	26,352	23,394
Total other financial assets		26,352	23,394

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2014 $'000	2013 $'000
Shares in associates	24	52,935	50,811
Total investments accounted for using the equity method		52,935	50,811
Share of profits of associates	24	11,263	10,565

NOTES TO THE FINANCIAL STATEMENTS
Continued

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Plant and equipment under finance lease $'000	Total $'000
At 1 January 2013					
Cost or fair value	6,617	14,599	421,477	51,710	**494,403**
Accumulated depreciation and impairment	–	–	(313,024)	(14,450)	**(327,474)**
Capital works in progress	–	–	4,612	–	**4,612**
Net book amount	6,617	14,599	113,065	37,260	**171,541**
Year ended 31 December 2013					
Opening net book amount	6,617	14,599	113,065	37,260	**171,541**
Additions	–	104	15,355	–	**15,459**
Transfers to assets held for sale	–	–	(1,634)	–	**(1,634)**
Disposals	(1,976)	(6,712)	(3,586)	–	**(12,274)**
Depreciation	–	(441)	(23,981)	(2,794)	**(27,216)**
Impairment	–	(50)	(8,520)	–	**(8,570)**
Transfers and other adjustments	–	(30)	25	5	**–**
Foreign exchange differences	658	300	11,117	–	**12,075**
Closing net book amount	5,299	7,770	101,841	34,471	**149,381**
At 1 January 2014					
Cost or fair value	5,299	8,028	441,233	48,225	**502,785**
Accumulated depreciation and impairment	–	(258)	(344,616)	(13,754)	**(358,628)**
Capital works in progress	–	–	5,224	–	**5,224**
Net book amount	5,299	7,770	101,841	34,471	**149,381**
Year ended 31 December 2014					
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**
At 31 December 2014					
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**

The Directors consider that freehold land and buildings are carried at fair value. Independent valuations were carried out in 2012 and carrying values have been adjusted to reflect such valuations. Independent valuations were carried out by certified registered valuers.

12. INTANGIBLE ASSETS

	Goodwill $'000	Software $'000	Mastheads $'000	Radio licences $'000	Brands $'000	Total $'000
At 1 January 2013						
Cost	309,417	38,311	1,004,550	355,578	51,185	**1,759,041**
Accumulated amortisation and impairment	(193,492)	(26,414)	(796,390)	(19,480)	–	**(1,035,776)**
Net book amount	115,925	11,897	208,160	336,098	51,185	723,265
Year ended 31 December 2013						
Opening net book amount	115,925	11,897	208,160	336,098	51,185	**723,265**
Additions	–	2,351	–	–	–	**2,351**
Disposals	(153)	(246)	(88)	–	(61)	**(548)**
Amortisation	–	(4,509)	–	(2,103)	–	**(6,612)**
Transfer to assets held for sale	(48,586)	(229)	–	–	(4,200)	**(53,015)**
Other adjustments	2,909	–	(3,414)	–	–	**(505)**
Foreign exchange differences	9,171	1,112	26,438	5,619	7,579	**49,919**
Closing net book amount	**79,266**	**10,376**	**231,096**	**339,614**	**54,503**	714,855
At 1 January 2014						
Cost	272,758	42,560	1,147,961	364,526	54,503	**1,882,308**
Accumulated amortisation and impairment	(193,492)	(32,184)	(916,865)	(24,912)	–	**(1,167,453)**
Net book amount	**79,266**	**10,376**	**231,096**	**339,614**	**54,503**	714,855
Year ended 31 December 2014						
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
At 31 December 2014						
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

NOTES TO THE FINANCIAL STATEMENTS

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12. INTANGIBLE ASSETS (continued)

	2014 $'000	2013 $'000
Allocation of goodwill and non-amortising intangible assets to cash generating units (CGUs)		
Name of CGU		
NZME Publishing – Metro (formerly New Zealand Media – Metro)	**140,245**	153,990
NZME Publishing – Regional (formerly New Zealand Media – Regional)	–	31,413
NZME Radio (formerly New Zealand Radio)	**98,999**	95,711
GrabOne	**24,397**	23,583
Australian Regional Media	**48,304**	45,695
Australian Radio	**311,716**	311,914
Outdoor – Hong Kong	**2,852**	2,711
Total goodwill and non-amortising intangible assets	**626,513**	665,017

Impairment of CGUs including indefinite life intangible assets

During the year, it was determined that there were indicators of impairment of New Zealand publishing assets, arising from the challenging trading conditions impacting performance. Therefore, in accordance with AASB 136 *Impairment of Assets* management performed an impairment review of the respective CGUs.

As a result of the review the carrying amount of mastheads allocated to the New Zealand publishing CGUs was reduced to their recoverable amounts through the recognition of an impairment charge of $49.7 million. The impairment of the New Zealand assets was a result of a number of factors including the challenging trading conditions and the continuation of the structural changes in the advertising market.

The impairment charge impacted the two New Zealand publishing CGUs as follows:

2014	Impairment charge $'000	Carrying value of intangible assets $'000
NZME Publishing – Metro	18,352	140,245
NZME Publishing – Regional	31,326	–
	49,678	**140,245**

Year-end impairment review

A comprehensive impairment review was conducted at 31 December 2014. 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 the higher of fair value less costs to sell and 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.

The key assumptions used in each of the fair value less costs to sell and value in use calculations are:

	2014 Post-tax discount rate per annum	2014 Long-term growth rate per annum	2013 Post-tax discount rate per annum	2013 Long-term growth rate per annum
NZME Publishing – Metro	10.5%	0.0%	11.0%	0.0%
NZME Publishing – Regional	10.5%	0.0%	11.0%	(2.0%)
NZME Radio	10.5%	2.0%	11.0%	2.0%
GrabOne	10.5%	2.5%	12.0%	4.0%
Australian Regional Media	10.0%	0.0%	10.0%	0.5%
Australian Radio	10.0%	2.0%	10.0%	2.0%
Outdoor – Hong Kong	10.5%	2.5%	10.5%	2.5%

Fair value less costs to sell and value in use calculations are highly sensitive to changes in certain key assumptions. The NZME Publishing – Metro and Australian Regional Media (ARM) CGU's have limited headroom such that reasonable changes to key assumptions would potentially give rise to an impairment charge. For the NZME Publishing – Metro CGU, a 1% increase in the discount rate used would result in an impairment provision of $4.6 million. A 1% decrease in long-term growth rates would result in an impairment provision of $2.4 million. If forecasted cash flows were to decrease by 10% an impairment provision of $7.6 million would be required.

For the ARM CGU, a 1% increase in the discount rate used would result an impairment provision of $2.1 million. A 1% decrease in long-term growth rates would result in an impairment provision of $0.4 million. If forecasted cash flows were to decrease by 10%, an increase in the impairment provision of $4.0 million would be required.

13. PAYABLES

	2014 $'000	2013 $'000
Current		
Trade and other payables	117,469	112,597
Amounts due to related parties [(i)]	404	835
Total current payables	**117,873**	113,432

(i) Includes amounts payable to Independent News & Media PLC and related companies of $145,000 (2013: $663,000).

Trade and other payables are generally settled within 30 days from the end of the month in which they are incurred.

	2014 $'000	2013 $'000
Non-current		
Trade and other payables	6,000	-

Foreign currency risk

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

	2014 $'000	2013 $'000
Australian dollars	56,959	50,004
New Zealand dollars	58,046	55,131
Hong Kong dollars	8,859	8,274
Malaysian ringgit	9	23
	123,873	113,432

NOTES TO THE FINANCIAL STATEMENTS

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14. INTEREST BEARING LIABILITIES

	2014 $'000	2013 $'000
Current		
Bank loans – unsecured	–	27,556
Lease liabilities (refer note 23)	–	38,872
Other financing	1,643	1,424
Total current interest bearing liabilities	1,643	67,852
Non-current		
Bank loans – secured (i)	493,924	–
Bank loans – unsecured (i)	–	293,959
New Zealand Bond	–	92,251
Other financing	1,200	2,748
	495,124	388,958
Deduct		
Borrowing costs	8,352	15,445
Accumulated amortisation	(894)	(11,070)
Net borrowing costs	7,458	4,375
Total non-current interest bearing liabilities	487,666	384,583

(i) The Group's debt facilities were refinanced in September 2014 with a syndicate of domestic and international banks. The bank loans and overdraft are secured by mortgages over a portion of the Group's assets. In 2013, the Group's Multi-option debt facilities were unsecured.

(a) Risk exposures

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

	2014 $'000	2013 $'000
Six months or less	493,924	346,475
Six to 12 months	1,643	15,337
One to five years	1,200	94,998
Greater than five years	–	–
Interest bearing liabilities	496,767	456,810

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

	2014 $'000	2013 $'000
Australian dollars	284,000	268,872
New Zealand dollars	212,767	187,938
Interest bearing liabilities	496,767	456,810

For an analysis of the sensitivity of borrowings to interest rate risk, refer note 31.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard 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 or adjust the 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.

15. PROVISIONS

	2014 $'000	2013 $'000
Current		
Employee benefits	**6,769**	6,787
Restructuring	**3,392**	2,501
Contingent consideration	**750**	-
Total current provisions	**10,911**	9,288
Non-current		
Employee benefits	**1,828**	1,608
Restructuring	**1,816**	1,765
Other	**736**	1,130
Total non-current provisions	**4,380**	4,503

Movements in provisions

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

	Restructuring $'000	Contingent consideration $'000	Total $'000
Movements in provisions 2014			
Carrying amount at beginning of the year	4,266	–	**4,266**
Charged to profit or loss			
Additional amounts recognised	4,782	750	**5,532**
Amounts used	(3,859)	–	**(3,859)**
Foreign exchange differences	19	–	**19**
Carrying amount at end of the year	5,208	750	**5,958**

The restructuring provision includes onerous rental contracts related to closure of certain commercial printing operations and expected redundancy costs related to formally announced restructuring plans.

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

	2014 $'000	2013 $'000
Aggregate employee benefit liabilities		
Current provision	**6,769**	6,787
Non-current provision	**1,828**	1,608
Included in trade and other payables	**10,425**	11,510
Total employee benefit liabilities	**19,022**	19,905

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16. DEFERRED TAX ASSETS AND LIABILITIES

2013	Balance 1 Jan 13 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Transfer to assets held for Sale $'000	Balance 31 Dec 13 $'000
Tax losses	43,936	24,347	5,218	–	(3,776)	**69,725**
Employee benefits	6,234	(595)	–	–	(199)	**5,440**
Doubtful debts	1,031	(277)	–	–	(2)	**752**
Accruals/restructuring	7,483	(3,454)	–	–	(35)	**3,994**
Intangible assets	(13,020)	(157)	–	(12,539)	1,260	**(24,456)**
Depreciation	(5,629)	647	–	–	57	**(4,925)**
Other	(3,754)	(19,489)	(1,714)	12,330	–	**(12,627)**
	36,281	1,022	3,504	(209)	(2,695)	**37,903**

2014	Balance 1 Jan 14 $'000	Recognised in income $'000	Recognised in equity $'000	Other movements $'000	Transfer to assets held for Sale $'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	(12,627)	(14,078)	1,242	–	–	**(25,463)**
	37,903	(10,999)	(11,129)	–	–	**15,775**
Deferred tax assets						**40,430**
Deferred tax liabilities						**(24,655)**
						15,775

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, whether the unused tax losses resulted from identified causes which are unlikely to recur and tax planning opportunities. 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 financing transactions as well as the contribution of profits from the acquisition of the remainder of Australian Radio Network in February 2014.

17. CONTRIBUTED EQUITY

	2014 $'000	2013 $'000
Issued and paid up share capital	**1,222,780**	1,093,372

(a) Movements in contributed equity during the financial year

	2014 number	2013 number	2014 $'000	2013 $'000
Balance at beginning of the year	**661,526,586**	661,526,586	**1,093,372**	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**	661,526,586	**1,222,780**	1,093,372

Non-Renounceable Pro-Rata Entitlement Offer

During the period, 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.

(c) Long-term incentive plan

The Group has established a long-term incentive plan for executives and other senior employees, which provides for the grant of equity awards (in the form of performance rights which may be converted into the Company's shares at a future date if certain performance targets are met/exceeded). Awards are split into two separate tranches, which vest independently. 75% of the total award vests based on the achievement of an Earnings Per Share growth performance hurdle, while the remaining 25% of the total award vests based on a relative Total Shareholder Return hurdle.

d) Performance rights issued under long-term incentive plan

Set out below are the summaries of rights granted under the plan:

	2014 Average price per right	Number of rights	2013 Average price per right	Number of rights
As at 1 January	–	–	–	–
Granted during the year	$0.69	5,653,785	–	–
Exercised during the year	–	–	–	–
As at 31 December	$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:

Grant date	Vesting date	Value of right at grant date	Performance rights 2014	2013
10 April 2014	18 February 2017	$0.69	5,066,795	–
20 October 2014	18 February 2017	$0.76	586,990	–
Exercised during the year			–	–
As at 31 December			5,653,785	–
Weighted average remaining contractual life of rights outstanding at end of period			2.1 years	–

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18. RESERVES AND ACCUMULATED LOSSES

	2014 $'000	2013 $'000
(a) Reserves		
Asset revaluation reserve	**6,203**	7,194
Foreign currency translation reserve	**(66,430)**	(62,019)
Capital profits reserve	**104**	104
Hedging reserve	**–**	(417)
Share-based payments reserve	**6,476**	5,181
Transactions with non-controlling interests reserve	**(85,230)**	(20,546)
Total reserves	**(138,877)**	(70,503)
Asset revaluation reserve		
Balance at beginning of the year	**7,194**	9,248
Revaluation of freehold land and buildings	**–**	76
Transfer to foreign currency translation reserve	**54**	53
Transfers to accumulated losses	**(1,045)**	(2,183)
Balance at end of the year	**6,203**	7,194
Foreign currency translation reserve		
Balance at beginning of the year	**(62,019)**	(69,821)
Foreign exchange transfers from other reserves and accumulated losses	**(1,927)**	764
Share of joint venture's foreign exchange reserves	**(1,520)**	–
Share of associate foreign exchange reserves	**361**	1,500
Net exchange difference on translation of foreign operations	**(1,325)**	5,538
Balance at end of the year	**(66,430)**	(62,019)
Hedging reserve		
Balance at beginning of the year	**(417)**	(632)
Share of joint venture's hedging reserves	**417**	215
Balance at end of the year	**–**	(417)
Share-based payments reserve		
Balance at beginning of the year	**5,181**	5,181
Share-based payments expense	**1,295**	-
Balance at end of the year	**6,476**	5,181
Transactions with non-controlling interests reserve		
Balance at beginning of the year	**(20,546)**	(20,535)
Decrease/(increase) in purchase consideration for controlled business	**(64,469)**	806
Transfer to foreign currency translation reserve	**(215)**	(817)
Balance at end of the year	**(85,230)**	(20,546)
(b) Accumulated losses		
Balance at beginning of the year	**(660,878)**	(666,487)
Profit attributable to owners of the parent entity	**11,489**	2,626
Transfer to/from reserves	**3,133**	2,183
Remeasurements on retirement benefit obligations	**(440)**	800
Balance at end of the year	**(646,696)**	(660,878)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in the accounting policies. 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.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are taken to the foreign currency translation reserve, as described in the accounting policies.

(iii) Hedging reserve

The hedging reserve is used to record unrealised gains/losses on cash flow hedging instruments.

(iv) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights issued.

(v) Transactions with non-controlling interests reserve

This reserve is used to record the differences described in note 1(b)(i) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

	2014 $'000	2013 $'000
(d) Non-controlling interests		
Share capital	**33,515**	208,743
Reserves	**–**	10,354
Retained profits	**1,024**	28,813
Other	**365**	645
Non-controlling interests	**34,904**	248,554

19. DIVIDENDS

	2014 $'000	2013 $'000
No final dividend for the year ended 31 December 2013 (2012: nil)	**–**	–
No interim dividend for the year ended 31 December 2014 (2013: 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	**27,577**	14,831

The Directors have determined that no final dividend will be payable for the year ended 31 December 2014.

20. CONTINGENT LIABILITIES

(a) Guarantees

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2014, the facilities had been drawn to the extent of $238,647,000 (2013: $454,270,000).

The parent entity and some wholly-owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of $33,000,000 (2013: $8,000,000).

(b) 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 material costs or damages.

The Company is involved in a dispute with the IRD regarding certain financing transactions. Refer note 5 for further details.

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21. RETIREMENT BENEFIT OBLIGATIONS

(a) Superannuation plans

The Company operates superannuation plans under which eligible employees and their dependants are entitled to benefits on retirement, disability or death. Employees contribute to the plans at various percentages of their wages and salaries. The respective employer entities within the consolidated entity also contribute to the plans at rates recommended by actuaries, industrial awards or the *Superannuation Guarantee Charge* legislation. The continuation of contributions, except those made pursuant to an award set down under a national wage case or the *Superannuation Guarantee Charge* legislation, is not legally enforceable.

Scheme information

The defined benefit scheme is closed to new members.

(b) Balance sheet amounts

2013	Present value of obligation $'000	Fair value of plan assets $'000	Total $'000
At 1 January 2013	**13,036**	**(10,691)**	**2,345**
Current service cost	393	(200)	**193**
Interest expense/(income)	333	(210)	**123**
	726	(410)	**316**
Remeasurements			
Return on scheme assets, excluding amounts included in interest expense/(income)	–	(281)	**(281)**
Gain from change in financial assumptions	–	(494)	**(494)**
Experience losses/(gains)	105	(130)	**(25)**
	105	(905)	**(800)**
Contributions:			
Employers	–	(316)	**(316)**
Scheme participants	112	(112)	**–**
Payments from scheme	(2,954)	2,954	**–**
As at 31 December 2013	**11,025**	**(9,480)**	**1,545**
Current service cost	333	27	**360**
Interest expense/(income)	371	–	**371**
	704	27	**731**
Remeasurements			
Return on scheme assets, excluding amounts included in interest expense/(income)	–	(333)	**(333)**
Loss from change in financial assumptions	860	–	**860**
Experience gains	(7)	(227)	**(234)**
	853	(560)	**293**
Contributions:			
Employers	–	(496)	**(496)**
Scheme participants	105	(105)	**–**
Payments from scheme	(1,795)	1,795	**–**
As at 31 December 2014	**10,892**	**(8,819)**	**2,073**

The Group has recognised a liability in the balance sheet in respect of its defined benefit superannuation arrangements. The APN Superannuation Scheme does not impose a legal liability on the Group to cover any deficit that exists in the scheme.

If the scheme were wound up, there would be no legal obligation on the Group to make good any shortfall. The trust deed of the scheme states that if the scheme winds up, the remaining assets are to be distributed by the trustee of the scheme in an equitable manner, as it sees fit.

The Group may at any time, by notice to the trustee, terminate its contributions. The Group has a liability to pay the monthly contributions due prior to the effective date of the notice, but there is no requirement for the Group to pay any further contributions, irrespective of the financial condition of the scheme.

Key assumptions used in the latest actuarial valuation are post-tax discount rate of 2.4% (2013: 3.6%), incremental salary inflation rates of 4.0% per annum in years 1 to 3, and 4.0% for every year after that (2013: 2.0% in years 1 to 3, and 4.0% for every year after that). As at 31 December 2014, the scheme assets were invested in the following asset classes: Australian equities 24% (2013: 26%), international equities 27% (2013: 27%), property 10% (2013: 9%), cash and fixed interest 17% (2013: 17%) and other 22% (2013: 21%).

22. CAPITAL COMMITMENTS

	2014 $'000	2013 $'000
Capital expenditure contracted for at balance date but not recognised as liabilities:		
Not later than one year	**1,757**	116
Later than one year but not later than five years	**–**	–
Total capital commitments	**1,757**	116

23. 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:

	2014 $'000	2013 $'000
Not later than one year	**47,179**	47,137
Later than one year but not later than five years	**76,572**	93,698
Later than five years	**38,891**	46,695
Commitments not recognised in the financial statements	**162,642**	187,530
Representing:		
Cancellable operating leases and rental commitments	**31,585**	1,745
Non-cancellable operating leases and rental commitments	**131,057**	185,785
Commitments not recognised in the financial statements	**162,642**	187,530
Commitments for finance leases are payable as follows:		
Not later than one year	**–**	40,474
Later than one year but not later than five years	**–**	–
	–	40,474
Less future finance charges on finance leases	**–**	(1,602)
Total lease liabilities	**–**	38,872
Representing lease liabilities (refer note 14):		
Current	**–**	38,872
Total lease liabilities	**–**	38,872

NOTES TO THE FINANCIAL STATEMENTS

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24. 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		Ownership interest held by non-controlling interests		Principal activities
			2014	2013	2014	2013	
Australian Radio Network Pty Limited[(i)]	Australia and New Zealand	Australia	**100%**	50%	–	50%	Commercial radio
Brisbane FM Radio Pty Ltd	Australia	Australia	**50%**	25%	**50%**	75%	Commercial radio
Buspak Advertising (Hong Kong) Limited	Australia	Hong Kong	**100%**	50%	–	50%	Outdoor advertising

(i) Australian Radio Network Pty Limited (ARN) owns 100% of The Radio Network in New Zealand. Brisbane FM Radio Pty Ltd is 50% owned by ARN.

(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.

	Australian Radio Network Pty Ltd[(ii)]		Brisbane FM Radio Pty Ltd[(iii)]		Buspak Advertising (Hong Kong) Limited[(iv)]	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Summarised balance sheet						
Current assets	–	169,416	**6,559**	4,666	–	22,025
Current liabilities	–	33,155	**5,471**	4,725	–	8,396
Current net assets	–	136,261	**1,088**	(59)	–	13,629
Non-current assets	–	455,048	**67,694**	67,736	–	1,022
Non-current liabilities	–	19,761	**131**	59	–	58
Non-current net assets	–	435,287	**67,563**	67,677	–	964
Net assets	–	571,548	**68,651**	67,618	–	14,593
Accumulated non-controlling interests[(i)]	–	202,878	**37,966**	37,814	–	5,925
Summarised statement of comprehensive income						
Revenue	**29,317**	231,709	**29,313**	25,285	**26,061**	44,001
Profit/(loss) for the period	**3,424**	39,812	**10,234**	8,360	**1,280**	(406)
Other comprehensive income	**(73)**	28,148	–	–	–	–
Total comprehensive income	**3,351**	67,960	**10,234**	8,360	**1,280**	(406)
Total comprehensive income allocated to non-controlling interests	**1,676**	33,980	**4,831**	6,270	**640**	(203)
Dividends paid to non-controlling interests	–	15,180	**4,600**	4,300	**845**	–

(i) ARN has a controlling 50% interest in Brisbane FM Radio Pty Ltd. In 2013, this represented a 25% interest for the Group. As such a further 25% of the earnings attributable to Brisbane FM Radio Pty Ltd forms part of the Group's non-controlling interest. In 2014, the remaining 50% non-controlling interest in Brisbane FM Radio Pty Ltd is shown separately.

(ii) The 2013 and 2014 ARN amounts exclude Brisbane FM Radio, which ARN has a controlling 50% interest in. The 2014 amounts represent trading up until February 2014, when the Group acquired the 50% of ARN and TRN that it did not already own.

(iii) The Brisbane FM Radio amounts represent trading for the full year.

(iv) The 2014 Buspak Advertising amounts represent trading up until July 2014, when the Group acquired full ownership of the entity.

	Australian Radio Network Pty Limited (ii)		Brisbane FM Radio Pty Ltd (iii)		Buspak Advertising (Hong Kong) Limited (iv)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Summarised cash flows						
Cash flows from operating activities	**(2,505)**	50,646	**10,421**	8,248	**2,781**	706
Cash flows from investing activities	**197**	(7,165)	**18**	112	**(221)**	(481)
Cash flows from financing activities	**1,189**	(39,675)	**(9,945)**	(8,269)	**(631)**	–
Net increase/(decrease) in cash and cash equivalents	**(1,117)**	(3,806)	**494**	91	**(1,929)**	225

(c) Transactions with non-controlling interests

On 18 July 2014, the Company announced that it has 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.

In February 2014, the Group acquired the 50% of Australian Radio Network Pty Limited (ARN) and The Radio Network Limited (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 cash consideration paid was $246,721,000, which was the initial purchase price less a shareholder 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 of $54,164,000.

In October 2013, the Group acquired the final 20.5% of the issued shares of Catalogue Central Pty Limited (iNC Digital Media). This transaction was treated as a transaction with a non-controlling interest as the Group previously controlled and consolidated Catalogue Central Pty Limited. The purchase consideration was $1,251,000. The carrying amount of the non-controlling interests in Catalogue Central Pty Limited on the date of the transaction was $806,000. The Group recognised an increase in non-controlling interests of $806,000 and a decrease in equity attributable to owners of the parent entity of $806,000.

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

	2014 $'000	2013 $'000
Carrying amount of non-controlling interests acquired	**215,697**	806
Reversal of contingent consideration provision	**–**	2,000
Consideration paid to non-controlling interests	**(263,756)**	(1,251)
Less: excess provision released to profit or loss	**–**	(749)
Less: deferred tax impact arising from ARN joining the tax consolidation group	**(13,740)**	–
Acquisition costs	**(2,670)**	–
Amounts recognised in non-controlling interests reserve	**(64,469)**	806

NOTES TO THE FINANCIAL STATEMENTS
Continued

24. INTERESTS IN OTHER ENTITIES (continued)

(d) Interests in associates

Set out below are the associates of the Group as at 31 December 2014. 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	Ownership interest held by the Group 2014	Ownership interest held by the Group 2013	Nature of relationship	Measurement method	Consolidated carrying values 2014 $'000	Consolidated carrying values 2013 $'000
Adshel Street Furniture Pty Limited	Australia and New Zealand	Australia	50%	50%	Associate(1)	Equity method	**41,849**	41,433
Soprano Design Pty Limited	Australia	Australia	25%	25%	Associate(2)	Equity method	**11,086**	9,378
							52,935	50,811

(1) Adshel Street Furniture Pty Limited specialises in advertiser funded street furniture solutions 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.

(e) Summarised financial information of associates

The table below provides summarised financial information for the associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Adshel Street Furniture Pty Limited	
	2014 $'000	2013 $'000
Summarised balance sheet		
Total current assets	**47,004**	47,580
Non-current assets	**76,451**	76,299
Total assets	**123,455**	123,879
Total current liabilities	**34,554**	35,163
Total non-current liabilities	**5,202**	5,849
Total liabilities	**39,756**	41,012
Net assets	**83,699**	82,867
Reconciliation to carrying amounts		
Opening net assets 1 January	**82,867**	85,736
Profit for the period	**19,110**	21,131
Other comprehensive income	**722**	3,000
Dividends paid	**(19,000)**	(27,000)
Closing net assets	**83,699**	82,867
Percentage of ownership interest	**50%**	50%
Carrying amount	**41,849**	41,433
Summarised statement of comprehensive income		
Revenue	**147,124**	150,816
Profit for the period	**19,110**	21,131
Other comprehensive income	**722**	3,000
Total comprehensive income	**19,832**	24,131
Dividends received from associate	**9,500**	13,500

(f) 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.

	2014 $'000	2013 $'000
Aggregate carrying amount of individually immaterial associate	**11,086**	9,378
Movements in carrying value in the period:		
Share of net profits	**1,708**	–
Reversal of prior period impairment	**–**	3,046
Other adjustments	**–**	332

NOTES TO THE FINANCIAL STATEMENTS
Continued

25. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in note 1.

Name of entity	Country of incorporation/ establishment	Equity holding 2014 %	Equity holding 2013 %
Actraint No. 116 Pty Limited [1, 2]	Australia	**100**	50
Adhoc Pty Ltd	Australia	**75**	75
Adhub Limited	New Zealand	**100**	100
Airplay Media Services Pty Limited [1, 2]	Australia	**100**	50
APN AP National Sales Pty Ltd [2]	Australia	**100**	100
APN Braeside Pty Ltd	Australia	**100**	100
APN Broadcasting Investments Pty Limited [2]	Australia	**100**	100
APN Broadcasting (Regionals) Pty [1, 2, 3]	Australia	**100**	50
APN Business Information Group Pty Ltd [10]	Australia	**–**	100
APN Business Magazines Pty Ltd [2]	Australia	**100**	100
APN Computing Group Pty Ltd [10]	Australia	**–**	100
APN Digital Pty Ltd [2]	Australia	**100**	100
APN Digital NZ Limited	New Zealand	**100**	100
APN Educational Media Pty Limited [2]	Australia	**100**	100
APN Finance Pty Limited [2, 3]	Australia	**100**	100
APN Holdings NZ Limited	New Zealand	**100**	100
APN Media (NZ) Limited	New Zealand	**100**	100
APN Milperra Pty Ltd	Australia	**100**	100
APN Newspapers Pty Ltd [2, 3]	Australia	**100**	100
APN NZ Investments Limited	New Zealand	**100**	100
APN Online (Australia) Pty Limited [2]	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 [2, 3]	Australia	**100**	100
APN Specialist Publications NZ Limited	New Zealand	**100**	100
ARM Events Pty Ltd (formerly The Brisbane Publishing Company Pty Ltd) [2, 8]	Australia	**100**	100
ARM Specialist Media Pty Ltd (formerly The Gold Coast Press Pty Limited) [2]	Australia	**100**	100
ARN Adelaide Pty Ltd [1, 2]	Australia	**100**	50
ARN Brisbane Pty Ltd [1, 2, 3]	Australia	**100**	50
ARN Broadcasting Pty Ltd [1, 2]	Australia	**100**	50
ARN Communications Pty Ltd [1, 2, 3]	Australia	**100**	50
ARN Limited Partnership [1]	Australia	**100**	50
ARN New Zealand Pty Limited [1, 2, 3]	Australia	**100**	50
ARN NZ Investments Limited [1]	New Zealand	**100**	50
ARN Overseas Pty Limited [1, 2, 3]	Australia	**100**	50
ARN Perth Pty Ltd [1, 2]	Australia	**100**	50
ARN South Australia Pty Ltd [1, 2]	Australia	**100**	50
ARN Superannuation Pty Ltd [1]	Australia	**100**	50
ARNSAT Pty Limited [1, 2]	Australia	**100**	50
Asia Posters Sdn Bhd	Malaysia	**100**	100
Australian Provincial Newspapers International Pty Limited [2, 3]	Australia	**100**	100
Australian Provincial Newspapers Ltd [2, 3]	Australia	**100**	100
Australian Radio Network Pty Limited [1, 2, 3]	Australia	**100**	50

Name of entity	Country of incorporation/ establishment	Equity holding 2014 %	Equity holding 2013 %
Australian Radio Network Sales Pty Ltd [1, 2]	Australia	**100**	50
Biffin Pty Limited [2, 3]	Australia	**100**	100
Blue Mountains Broadcasters Pty Limited [1, 2]	Australia	**100**	50
Border Newspapers Pty Ltd [2]	Australia	**100**	100
brandsExclusive (Australia) Pty Limited [9]	Australia	**–**	82
brandsExclusive (New Zealand) Pty Limited [9]	Australia	**–**	82
Brisbane FM Radio Pty Ltd [1, 5]	Australia	**50**	25
The Bundaberg Newspaper Company Pty Limited [2]	Australia	**100**	100
Buspak Advertising (China) Limited	Hong Kong	**100**	100
Buspak Advertising (Hong Kong) Limited	Hong Kong	**100**	50
Byron Shire News Pty Ltd [2]	Australia	**100**	100
Campus Review Pty Ltd [10]	Australia	**–**	100
Capital City Broadcasters Pty Limited [1, 2]	Australia	**100**	50
Capricornia Newspapers Pty Ltd [2]	Australia	**100**	100
Cardcorp (Manufacturing) Pty Limited	Australia	**100**	100
Catalogue Central Pty Limited [2]	Australia	**100**	100
Central Coast Broadcasting Pty [1]	Australia	**100**	50
Central Queensland News Publishing Company Pty Ltd [2]	Australia	**100**	100
Central Telegraph Pty Ltd [2]	Australia	**100**	100
Chinchilla Newspapers Pty Ltd [2]	Australia	**100**	100
Cody Outdoor International (HK) Limited	Hong Kong	**100**	50
Coffs Coast RE Marketing Pty Ltd	Australia	**70**	70
Commonwealth Broadcasting Corporation Pty Ltd [1, 2, 3]	Australia	**100**	50
Covette Investments Pty Limited [2, 3]	Australia	**100**	100
Daily Commercial News Pty Ltd [10]	Australia	**–**	100
The Daily Examiner Pty Ltd [2]	Australia	**100**	100
Dalby Herald Pty Ltd [2]	Australia	**100**	100
DCN (Electronic Services) Pty Ltd [10]	Australia	**–**	100
Double T Radio Pty Ltd [1, 2]	Australia	**100**	50
Esky Limited	New Zealand	**100**	100
5AD Broadcasting Company Pty Ltd [1, 2]	Australia	**100**	50
Gatton Star Pty Ltd [2]	Australia	**100**	100
Gergdaam Capital Pty Limited [2, 3]	Australia	**100**	100
Gladstone Newspaper Company Pty Ltd [2]	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 [2, 3]	Australia	**100**	100
Gympie Times Pty Ltd [2]	Australia	**100**	100
Haswell Pty Limited [2, 3]	Australia	**100**	100
The Hive Online Limited	New Zealand	**100**	100
Idea HQ Limited	New Zealand	**100**	100
Inc Network Australia Pty Ltd [2]	Australia	**100**	100
The Internet Amusements Group Pty Limited [1, 2]	Australia	**100**	50
KAFM Broadcasters Proprietary Limited [1, 2]	Australia	**100**	50
Kelly Publications Pty Ltd [2]	Australia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
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25. CONTROLLED ENTITIES (continued)

Name of entity	Country of incorporation/ establishment	Equity holding 2014 %	Equity holding 2013 %
Level 4 Investments Pty Limited [2]	Australia	**100**	100
The Level 4 Partnership	Australia	**100**	100
Level 3 Investments Pty Ltd [2]	Australia	**100**	–
The Level 3 Partnership	Australia	**100**	–
Lunchbox Investments Pty Ltd	Australia	**100**	100
Longbeach Publications Pty Ltd [2]	Australia	**100**	100
Longbeach Publications Unit Trust	Australia	**100**	100
The Mackay Printing and Publishing Company Pty Limited [2]	Australia	**100**	100
Marnin Limited [4]	Ireland	**–**	–
The Maryborough Hervey Bay Newspaper Company Pty Ltd [2]	Australia	**100**	100
Media Tek Pty Limited [2, 3]	Australia	**100**	100
Melbourne Independent Newspapers Pty Ltd [10]	Australia	**–**	100
Mt Maunganui Publishing Co Limited	New Zealand	**100**	100
Nathco Holdings Pty Ltd [2, 3]	Australia	**100**	100
New Zealand Radio Network Limited [1]	New Zealand	**100**	50
North Coast News Pty Ltd [2]	Australia	**100**	100
Northern Star Ltd [2, 3]	Australia	**100**	100
NZME. Educational Media Limited (formerly APN Educational Media (NZ) Limited)	New Zealand	**100**	100
NZME. Finance Limited	New Zealand	**100**	–
NZME. Limited	New Zealand	**100**	–
NZME. Publishing Limited (formerly APN New Zealand Limited) [7]	New Zealand	**100**	100
NZME. Radio Limited (formerly The Radio Network Limited) [1]	New Zealand	**100**	50
NZME. Trading Limited (formerly NZME. Publishing Limited) [7]	New Zealand	**100**	–
Observer Times (Hervey Bay) Pty Ltd [2]	Australia	**100**	100
Peterhouse Proprietary Limited [10]	Australia	**–**	100
Provincial Investments Pty Ltd [2]	Australia	**100**	100
The Queensland Times Pty Limited [2]	Australia	**100**	100
The Radio Bureau Limited [1]	New Zealand	**100**	50
RadioWise Pty Ltd [1]	Australia	**100**	50
Regional Publishers Limited	New Zealand	**100**	100
Regmax Pty Limited [1, 2]	Australia	**100**	50
Sabawin Pty Limited [2]	Australia	**100**	100
Sell Me Free Limited	New Zealand	**100**	100
Sella Limited	New Zealand	**100**	100
The South Burnett Times Pty Ltd [2]	Australia	**100**	100
Southern State Broadcasters Pty Limited [1, 2]	Australia	**100**	50
Speedlink Services Pty Ltd [1, 2]	Australia	**100**	50
Stanley Newcomb & Co Limited	New Zealand	**100**	100
Stanthorpe Newspapers Services Unit Trust	Australia	**100**	100
SunCoastal FM Radio Pty Ltd [1]	Australia	**100**	50
Sunshine Coast Newspaper Company Pty Ltd [2, 3]	Australia	**100**	100
Tibbar Broadcasting Pty Limited [2]	Australia	**100**	–
Toowoomba Newspapers Ltd [2, 3]	Australia	**100**	100
Trade Debts Collecting Co Limited	New Zealand	**100**	100
The Tweed Newspaper Co Pty Ltd [2]	Australia	**100**	100
Universal Radio Pty Ltd [1, 2]	Australia	**100**	50

Name of entity	Country of incorporation/ establishment	Equity holding 2014 %	2013 %
The Warwick Newspaper Pty Limited [2]	Australia	**100**	100
Web Metrics Limited [6]	New Zealand	**–**	100
Wesgo [1, 2, 3]	Australia	**100**	50
West Sydney Radio Pty Ltd [1]	Australia	**100**	50
Westat Research Pty Ltd [1]	Australia	**100**	50
Western Star Pty Ltd [2]	Australia	**100**	100
Whitsunday Times Unit Trust	Australia	**75**	75
Wilson & Horton Australia Pty Ltd	Australia	**100**	100
Wilson & Horton Finance Pty Ltd [2, 3]	Australia	**100**	100
Wilson & Horton Limited	New Zealand	**100**	100
W&H Interactive Limited	New Zealand	**100**	100
Zodiac Australia Pty Ltd [10]	Australia	**–**	100

1 Denotes controlled entities audited by auditors other than PricewaterhouseCoopers.

2 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 and there are no other members of the Extended Closed Group.

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

4 The consolidated entity holds no equity interest in Marnin Limited but was, up until 10 December 2014, deemed to exercise control in accordance with AASB 10 *Consolidated Financial Statements*. Marnin Limited was established in 2005 to enter into a finance transaction on behalf of the Group.

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

6 This company was deregistered on 20 November 2013.

7 NZME. Publishing Limited was incorporated on 6 October 2014 and changed its name to NZME. Trading Limited on 31 December 2014. APN New Zealand Limited changed its name to NZME. Publishing Limited on 5 January 2015.

8 Name change occurred on 19 January 2015.

9 These entities are no longer controlled by the Group following the sale of brandsExclusive (Australia) Pty Ltd announced on the Australian Securities Exchange on 11 February 2014.

10 This company was deregistered on 24 August 2014.

As disclosed in the 2013 Annual Report, the APN Group sold its remaining interest in the APN Outdoor joint venture to Quadrant Private Equity on 24 January 2014. The APN Outdoor joint venture entities ceased being controlled entities following the formation of the APN Outdoor joint venture with Quadrant Private Equity announced on the Australian Securities Exchange on 1 May 2012.

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25. CONTROLLED ENTITIES (continued)

Deed of Cross Guarantee

Set out below is the consolidated income statement for the year ended 31 December 2014 of the Closed Group:

	2014 $'000	2013 $'000
Revenue from continuing operations	303,938	212,518
Other revenue and income	64,052	38,653
Expenses from operations before finance costs	(294,766)	(215,919)
Impairment of intangible assets	(49,678)	(20,277)
Finance costs	(38,709)	(34,969)
Share of profits of associates	11,263	10,565
Loss before income tax credit	(3,900)	(9,429)
Income tax (expense)/credit	(255)	13,556
Profit/(loss) from continuing operations	(4,125)	4,127
Profit from discontinued operations	–	–
Profit/(loss) attributable to owners of the parent entity	(4,125)	4,127
Accumulated losses		
Balance at beginning of the year	(819,061)	(826,223)
Profit/(loss) attributable to owners of the parent entity	(4,125)	4,127
Opening retained profits of entities entering the Closed Group	42,688	–
Remeasurements on retirement benefit obligations	(440)	800
Dividends paid	(11,000)	–
Transfers within equity	–	2,235
Balance at end of the year	(791,938)	(819,061)

Set out below is a consolidated balance sheet as at 31 December 2014 of the Closed Group:

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	**15,001**	2,244
Receivables	**378,982**	343,390
Inventories	**5,398**	4,710
Income tax receivable	**2,207**	2,035
Other current assets	**2,198**	1,985
Total current assets	**403,786**	354,364
Non-current assets		
Receivables	**–**	122,742
Other financial assets	**406,754**	249,994
Investments accounted for using the equity method	**52,935**	50,811
Property, plant and equipment	**57,861**	55,781
Intangible assets	**434,328**	233,369
Deferred tax assets	**–**	20,565
Total non-current assets	**951,878**	733,262
Total assets	**1,355,664**	1,087,626
Current liabilities		
Payables	**577,042**	530,183
Interest bearing liabilities	**–**	38,872
Current tax liabilities	**359**	–
Provisions	**6,724**	2,186
Total current liabilities	**584,125**	571,241
Non-current liabilities		
Payables	**6,000**	–
Interest bearing liabilities	**276,543**	228,627
Deferred tax liabilities	**25,469**	–
Retirement benefit liability	**2,073**	1,545
Provisions	**4,154**	3,389
Total non-current liabilities	**314,239**	233,561
Total liabilities	**898,364**	804,802
Net assets	**457,300**	282,824
Equity		
Contributed equity	**1,222,780**	1,093,372
Reserves	**26,458**	8,513
Accumulated losses	**(791,938)**	(819,061)
Total equity	**457,300**	282,824

NOTES TO THE FINANCIAL STATEMENTS

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26. RELATED PARTY INFORMATION

Transactions with other related parties

The below note 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	2014 $'000	2013 $'000
Loan interest receivable	Joint venture (i)	–	4,631
Consulting services received	Key management personnel (ii)	63	59
Independent News & Media fees	Other related party (iii)	145	663
Management fees receivable	Associate (iv)	150	150
Associate company fee	Associate/Key management personnel (v)	50	50
Consulting services received	Key management personnel (vi)	–	333
Print services received	Other related party (vii)	7,883	1,152

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

(i) Interest receivable from APN Outdoor Pty Limited.

(ii) Consultancy fees paid to a company associated with Peter Cosgrove for marketing services rendered.

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

(iv) Management fee received/receivable from associate.

(v) Chairman's fee paid to Peter Cosgrove by Adshel Street Furniture Pty Limited.

(vi) Consultancy fee paid to a company associated with Peter Cosgrove for Executive management services rendered.

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

27. REMUNERATION OF AUDITORS

	2014 $'000	2013 $'000
Remuneration for audit or review of the financial reports		
PricewaterhouseCoopers – Australian firm	**546**	586
PricewaterhouseCoopers – overseas firm	**585**	503
Other firms	**140**	296
Remuneration for other assurance services		
PricewaterhouseCoopers – Australian firm	**715**	91
PricewaterhouseCoopers – overseas firm	**17**	15
Other firms	**112**	102
Total audit and other assurance services	**2,115**	1,593
Remuneration for other services		
PricewaterhouseCoopers – Australian firm		
Tax services		
– Consulting and advice	**1,196**	124
– Compliance	**179**	100
Other advisory services	**185**	–
PricewaterhouseCoopers – overseas firm		
Tax services		
– Consulting and advice	**959**	185
– Compliance	**171**	118
Other advisory services	**–**	13
Other firms		
Tax services		
– Consulting and advice	**–**	18
– Compliance	**89**	81
Other advisory services	**3,801**	20
Total non-audit services	**6,580**	659

28. EARNINGS PER SHARE

	2014 $'000	2013 $'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit from continuing operations attributable to owners of the parent entity	**8,960**	50,467
Profit/(loss) from discontinued operations attributable to owners of the parent entity	**2,529**	(47,841)
Profit attributable to owners of the parent entity used in calculating basic/diluted EPS	**11,489**	2,626

	Number	Number
(b) Weighted average number of shares[(i)]		
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**981,277,290**	771,945,042
Adjusted for calculation of diluted EPS		
Performance rights	**5,653,785**	–
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share	**986,931,075**	771,945,042

(i) The weighted average number of ordinary shares disclosed for the 2013 year has been adjusted for the bonus element included in the Non-Renounceable Pro-Rata Entitlement Offer (refer note 17).

NOTES TO THE FINANCIAL STATEMENTS
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29. CASH FLOW INFORMATION

Reconciliation of cash

	2014 $'000	2013 $'000
Cash at end of the year, as shown in the statement of cash flows, comprises:		
Cash from continuing operations	38,980	19,956
Cash transferred to assets held for sale	–	2,803
Cash and cash equivalents	38,980	22,759
The below reconciliation relates to both continued and discontinued operations.		
Reconciliation of profit for the year to net cash inflows from operating activities:		
Profit for the year	19,125	27,677
Depreciation and amortisation expense	33,415	33,829
Borrowing cost amortisation	2,835	2,744
Net gain on sale of non-current assets	(6,428)	1,143
Share of profits of associates	(11,263)	(10,194)
Fair value gains on financial assets	(4,097)	(2,456)
Impairment expense	49,678	75,389
Change in current/deferred tax payable	(2,894)	(19,943)
Foreign exchange gains	(2,161)	–
Asset write downs and business closures	1,786	9,958
Gains on derecognition of contingent consideration provision	–	(35,864)
NZ Bond redemption fee classified as borrowing cost	1,840	–
Share-based payments expense	1,295	–
Amounts credited to provisions against assets (other non-cash items)	(35)	(1,021)
Other non-cash items	(517)	(1,608)
Changes in assets and liabilities, net of effect of acquisitions:		
Trade and other receivables	(4,698)	12,807
Inventories	153	1,719
Prepayments	2,139	663
Trade and other payables and employee benefits	(7,888)	(6,461)
Net cash inflows from operating activities	72,285	88,382

30. STANDBY ARRANGEMENTS AND CREDIT FACILITIES

Entities in the consolidated entity have access to:

	2014 $'000	2013 $'000
Overdraft facilities		
Secured bank overdraft facilities	2,000	–
Unsecured bank overdraft facilities	5,178	10,747
Amount of facility utilised	–	–
Amount of available facility	7,178	10,747
Loan facilities		
Secured bank loan facilities (i)	630,000	–
Unsecured bank loan facilities (i)	–	567,605
New Zealand Bond	–	92,251
Amount of facility utilised	(497,647)	(442,953)
Amount of available facility	132,353	216,903

Loan facilities utilised as at 31 December 2014 includes $nil (2013: $29,032,000) for letters of credit.

(i) The Group's debt facilities were refinanced in September 2014 with a syndicate of domestic and international banks. The bank loans and overdraft are secured by mortgages over a portion of the Group's assets. In 2013, the Group's multi-option debt facilities were unsecured.

31. FINANCIAL RISK MANAGEMENT

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

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. 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 at 31 December 2014, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by $3.3 million lower/higher (2013: $3.1 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 Group'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 in their functional currency.

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(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, risk control assesses 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.

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 (2013: $nil). The Group undertakes 100% of its transactions in foreign exchange contracts with financial institutions.

(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 table below analyses 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.

31 December 2013	Less than one year $'000	Between one and two year(s) $'000	Between two and five years $'000	Over five years $'000
Trade and other payables	112,597	–	–	–
Bank loans (including interest to maturity)	141,131	250,798	1,209	–
New Zealand Bond	7,251	7,251	94,064	–
Other loans	835	–	–	–
Gross liability	261,814	258,049	95,273	–
Less interest	(25,696)	(17,336)	(1,862)	–
Principal	236,118	240,713	93,411	–

31 December 2014	Less than one year $'000	Between one and two year(s) $'000	Between two and five years $'000	Over five years $'000
Trade and other payables	117,469	6,000	–	–
Bank loans (including interest to maturity)	29,314	28,689	523,769	–
Other loans	404	–	–	–
Gross liability	147,187	34,689	523,769	–
Less interest	(27,671)	(27,490)	(29,844)	–
Principal	119,516	7,199	493,925	–

Details of credit standby arrangements and loan facilities are included in note 30.

32. 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.

The Group has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(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 2014.

31 December 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	9	–	–	26,352	**26,352**
Total financial assets		–	–	26,352	**26,352**
Non-financial assets					
Land and buildings					
Land	11	–	–	3,262	**3,262**
Buildings	11	–	–	6,746	**6,746**
Total non-financial assets		–	–	10,008	**10,008**

31 December 2013	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	9	–	–	23,394	**23,394**
Total financial assets		–	–	23,394	**23,394**
Non-financial assets					
Land and buildings					
Land	11	–	–	5,299	**5,299**
Buildings	11	–	–	7,770	**7,770**
Total non-financial assets		–	–	13,069	**13,069**
Non-recurring fair value measurements					
Assets held for sale	8	–	–	119,236	**119,236**
Total non-recurring assets		–	–	119,236	**119,236**
Liabilities directly associated with assets held for sale	8	–	–	55,678	**55,678**
Total non-recurring liabilities		–	–	55,678	**55,678**

NOTES TO THE FINANCIAL STATEMENTS
Continued

32. FAIR VALUE MEASUREMENTS (continued)

(a) Fair value hierarchy (continued)

There were no transfers between levels for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

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 2014 (level 3).

The fair value of non-current borrowings disclosed in note 14 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 2014, the borrowing rates were determined to be between 5.1% and 11.0%, 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).

(b) Valuation techniques used to derive level 2 and 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in 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.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes are used for similar instruments;
- 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 fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group obtains independent valuations at least every three years for its freehold land and buildings (classified as property, plant and equipment), 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.

(ii) Non-recurring fair value measurements

Assets classified as held for sale during the reporting period were measured at the lower of their carrying amount, and fair value less costs to sell, at the time of the reclassification. The fair value was determined in reference to current market offers.

32. FAIR VALUE MEASUREMENTS (continued)

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

The following table presents the changes in level 3 items for the periods ended 31 December 2014 and 2013 for recurring fair value measurements:

	Shares in other corporations $'000	Short-term financial instrument asset at fair value $'000	Freehold land $'000	Buildings $'000	Short-term financial instrument liability at fair value $'000	Contingent consider-ation provision $'000	Total $'000
At 1 January 2013	22,471	40,000	–	–	(40,000)	(42,549)	(20,078)
Adoption of AASB 13	–	–	6,617	14,599	–	–	21,216
Transfers to assets held for sale	–	(40,000)	–	–	40,000	32,177	32,177
Additions	–	–	–	104	–	–	104
Disposals and other transfers	(331)	–	(1,976)	(6,015)	–	6,086	(2,236)
Depreciation and impairment	–	–	–	(441)	–	–	(441)
Gains recognised in other comprehensive income	359	–	658	249	–	(424)	842
Gains recognised in other income	895*	–	–	(726)	–	4,710	4,879
At 31 December 2013	**23,394**	**–**	**5,299**	**7,770**	**–**	**–**	**36,463**
Additions	–	–	–	60	–	750	810
Disposals and other transfers	(2,160)	–	(2,115)	(773)	–	–	(5,048)
Depreciation and impairment	–	–	–	(333)	–	–	(333)
Gains recognised in other comprehensive income	26	–	78	22	–	–	126
Gains recognised in other income	5,092*	–	–	–	–	–	5,092
At 31 December 2014	**26,352**	**–**	**3,262**	**6,746**	**–**	**750**	**37,110**

* Unrealised gains recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains recognised in other income above).

2014	**5,092**	**–**	**–**	**–**	**–**	**–**	**5,092**
2013	895	–	–	–	–	–	895

There were no changes in valuation techniques during the year.

NOTES TO THE FINANCIAL STATEMENTS
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32. FAIR VALUE MEASUREMENTS (continued)

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

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

Description	Fair value as at 31 Dec 2014 $'000	Valuation technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Shares in other corporations	22,196	Discounted cash flows	Cash flow growth factor	Between -6.0% and +10.5 % (+1.4%)	Increasing cash growth factor by 50 basis points and lowering discount rate by 100 basis points would increase the fair value by $3.3 million. Lowering cash growth factor by 50 basis points and increasing discount rate by 100 basis points would decrease the fair value by $2.7 million.
			Risk adjusted discount rate	14.0%	
	4,156	Capitalisation multiple	EBITDA multiples	Between 3.5x and 5.5x (3.5x)	The higher the capitalisation multiple the higher the value.
	26,352				

(ii) Valuation processes

The finance department of the Group performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This department reports directly to the Chief Financial Officer and the Audit Committee. Discussions of valuation processes and results are held between the Chief Financial Officer, the Audit Committee and the finance team at least once every six months, in line with the Group's half-yearly reporting dates.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every three years.

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

- shares in other corporations – discount rates, forecast cash flows, EBITDA multiples estimated by management based on comparable transactions and industry data.

33. SUBSEQUENT EVENTS

Since the end of the financial year, the Group has acquired 100% of Radio 96FM Perth Pty Ltd (96FM) from Fairfax Media. The purchase price was $78.0 million and was funded from cash and existing debt facilities. 96FM's revenue for the 12 months to 31 December 2014 was $18.7 million.

Other than the matters 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.

This preliminary final report was approved by resolution of the Board of Directors on 12 February 2015.

Peter Cosgrove
Chairman

12 February 2015