APN Outdoor Group Limited | ABN 57 155 848 589
(Formerly known as APN Outdoor Group Pty Limited)

2014 Annual Report

Your new centre of attention.

OUTDOOR

CONTENTS

Your new centre of attention.

Annual Report
31 December 2014

APN Outdoor Group Limited
(Formerly known as APN Outdoor Group Pty Limited)
ABN 57155848589

Corporate directory

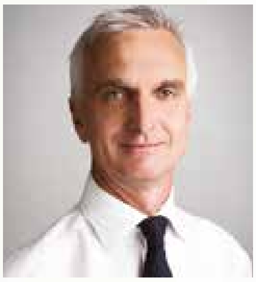
Directors

Doug Flynn
Independent non-executive Chairman

Pat O'Sullivan
Independent non-executive Director

Lisa Chung
Independent non-executive Director

Jack Matthews
Independent non-executive Director



Richard Herring
Chief Executive Officer and Executive Director

Wayne Castle
Chief Financial Officer and Company Secretary

Notice of annual general meeting

The details of the annual general meeting of APN Outdoor Group Limited are:

Harbourview Room, Wolfies
27 Circular Quay West
The Rocks, NSW
11:00 am on 24 April 2015

Registered office

Level 4, 33 Saunders Street
Pyrmont, NSW 2009

Principal place of business

Level 4, 33 Saunders Street
Pyrmont, NSW 2009

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW, 2000
Share registry telephone: 1300 554 474

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000 Australia

Bankers

Commonwealth Bank of Australia
Westpac Banking Corporation
National Australia Bank
ASB Bank Limited

Stock exchange listing

APN Outdoor Group Limited shares are listed on the Australian Securities Exchange (ASX code: APO)

Website

www.apnoutdoor.com.au

Chairman's letter

It is a pleasure to present the 2014 annual results to our shareholders. The year was marked by strong growth in revenue and earnings, and, in our inaugural year as an ASX listed entity, we are pleased to have achieved the forecasts of all major financial metrics of our prospectus.

Revenue of $250.6m for 2014 represented a 2% increase on prospectus and 11% on 2013. Pro-forma EBITDA of $45.3m was also above prospectus (+4.5%) and 34% ahead of last year. EBITDA margin showed solid growth to 18.1% and NPATA was up 45% on last year. A fully franked dividend of 1 cent per share has been approved by the Board.

Outdoor advertising in Australia and New Zealand continues to prosper from a unique set of growth drivers. While most media operators are challenged by technology resulting in a loss of audience, Outdoor is continuing to increase its audience and improve its product, resulting in greater relevance to a broader range of advertisers.

The APN Outdoor product portfolio categories of Transit, Billboard, Rail and Airports each produced strong revenue growth during the year. Each was supported by investment in product development and the launch of our proprietary audience research, The Attention Economy, designed to further understand the role Outdoor has in the consumer's daily routines.

APN Outdoor led the way in 2014 in successful product and innovation launches in both Australia and New Zealand. In Auckland we launched New Zealand's first large format digital network comprising 5 high quality screens and finished the year with the unveiling of the dynamic 'Apollo' at Auckland Airport, New Zealand's largest digital screen. We continued to develop our Elite Screen (large format digital screens) portfolio throughout Australia with a total of 26 now operational. The year was topped off by the exceptional launch of our XtrackTV screens in rail environments in Sydney and Melbourne. The combination of large high quality screens, full motion and audio presentation and a unique audience, coupled with high dwell time, has resulted in strong advertiser support from the launch date and further reinforces our strategy of digital product investment.

We expect underlying industry growth drivers to continue to see outdoor revenues grow ahead of other traditional media. At APN Outdoor our programme to roll out new digital screen development remains on track and by maintaining our leadership position we will provide superior opportunities for our advertisers to connect with their customers.

We are pleased to introduce our shareholders to APN Outdoor's Board members. The combined skills, experience and diversity provided by the Board will continue to guide and lead an experienced and talented management team.

The Board has spent much of the last six months both getting to know the company and management and putting in place a governance framework and process which we believe is fit for purpose. In doing so, we have sought expert advice and canvassed some key institutional shareholders.

We would like to thank the previous Board under Quadrant Private Equity's ownership for their diligence and expertise in contributing to the 2014 results and for the foundations they established.

And finally, we would like to recognise of the Management team and employees of APN Outdoor and the valuable contribution each has made to the success of the business. The senior managers of the business provide us with confidence of the future prosperity of the business.

Doug Flynn
Chairman

26 February 2015 | Sydney

CEO report

Introduction

In 2014 APN Outdoor maintained its growth orientation with record revenues and earnings. During and following the period of ownership by Quadrant Private Equity, the business prospered from positive market conditions, significant investments into product development and high-quality management. These results were achieved during a year that also included the company's initial listing on the Australian Stock Exchange. APN Outdoor remains confident that the strategy employed by the business will continue to provide positive growth into the future.

Highlights

› Revenue up 11% on last year to $250.6m and up 2% on Prospectus

› Pro-forma EBITDA up 34% on last year to $45.3m and up 4.5% on Prospectus

› Pro-forma NPATA up 45% on last year to $23.7m, 7% ahead of Prospectus forecasts

› Statutory NPAT loss $12.2m - $1.5m ahead of Prospectus

› Established leadership positions in large format Digital Billboard screens in both Australia and New Zealand

› Launched XtrackTV – 66 digital screens positioned adjacent to key rail platforms in Sydney and Melbourne

› Renewal of key contracts and winning the rights to outdoor advertising at Auckland Airport

Business overview

APN Outdoor is a leading Outdoor advertising company in Australia and New Zealand, which focuses on four major market segments in metropolitan centres, and in which it holds leadership positions; Billboard, Transit, Rail and Airport advertising.

› Billboards: Includes both static and digital offerings. Our Billboards span major arterial roads, motorways and local communities in metro markets, reaching the ever-increasing number of consumers on the road. APN Outdoor's Billboards are recognised in market for their premium quality, strategic locations and excellent presentation of advertising.

› Transit: We hold contracts to provide bus and tram advertising to the vast majority of fleet operators around Australia, placing the company in a strong leadership position within the Transit space.

› Rail: The business has contracts with most of the major Rail operators in both Australia and New Zealand. Not only do these panels reach the unique rail commuter audience, but some panels are also positioned on roadside locations. XtrackTV was successfully launched to the market in October 2014.

› Airports: APN Outdoor holds a leadership position with a comprehensive Trans-Tasman airport adverting portfolio with contracts in Sydney, Brisbane, Canberra, Auckland and Christchurch airport. High profile static sites and digital screens dominate these precincts.

Industry growth and market share

The Outdoor industry's attractiveness to advertisers continues to strengthen with increasing audience penetration due to population growth and a rise in daily journeys. It has been further boosted by recent investments in technologies and products that broaden the scope of the medium's use.

The Australian and New Zealand Outdoor markets reported growth of 10% and 7.2% respectively in media revenues in 2014, in what was a generally subdued media market.

The Australian market finished 2014 stronger than it commenced, which we believe is a solid indicator of the future health of the industry. Our share in each of the Australian and New Zealand markets exceeded the year prior and continued to improve as the year progressed.

Financial performance and Cost management

The exceptional results achieved in 2014 are not the product of one activity in isolation, but a combination of a number of factors. These included the company's investments in new and upgraded products, our ability to renew and win contracts and our strong team of managers.

Although the company was well supported by strong revenues, the cost management side of the business is consistently a focus to ensure optimal performance in all areas. Cost management will continue to be an important feature of the business as it seeks proactive operational efficiencies wherever possible.

Product development and investment

Billboards

During 2014, APN Outdoor launched the second LUX Collection of 75 premium quality backlit Billboards throughout the primary metro markets of Australia. On the back of the success of the first LUX Collection, released in 2013, this format continues to attract superior brands to showcase their products in the highest quality environments.

In New Zealand, we invested in upgrading a number of existing sites with a new configuration and lighting method to improve the quality and relevance to advertisers.

Digital Billboards

APN Outdoor's primary investment in 2014 was in large format Digital Billboard screens deployed in new environments or as upgrades to existing panels. In one of the most compelling development opportunities to present itself to the Outdoor industry in many years, the use of Digital Billboards will continue to play a large part in the growth of the sector. Digital Billboards – the content of which is served remotely – provide advertisers with extreme flexibility and creative opportunities, which were previously unattainable. The ability to regularly and immediately change content, present day/time relevant messaging and to enable intuitive, interactive experiences to targeted audiences has, and will, continue to add value to this advertising proposition.

In 2014 APN Outdoor rolled out numerous Digital Billboards across all major capital cities in Australia under the Elite Screens banner. In Auckland APN Outdoor has a network of premium quality and strategically located Digital Billboards and is the clear leader of the market there. In total we currently have 34 large format Digital Billboards across Australia and New Zealand, with plans to expand this portfolio to more than 50 in 2015.

XtrackTV

In the second half of 2014 we launched a 'world first' format: XtrackTV. Located adjacent to rail platforms in key CBD stations in Sydney and Melbourne, XtrackTV is a digital broadcast network of LED digital screens, featuring full motion video and audio.

All XtrackTV screens are positioned to maximise audience viewing. Along with all the benefits of digital screens, XtrackTV also delivers an audience that is unique by its demographic and socioeconomic profile. Rail commuters are an attentive audience set, proven to be open to entertainment on the platform and responsive to interactive messaging.

As APN Outdoor continues to fulfil its digital plans, advertiser understanding, diversity of creative application and audience penetration will all contribute to a significant improvement in the Outdoor industry's competitive position amongst all media.

Contract renewals

APN Outdoor's reputation and ability to renew contracts at sound commercial terms underpins the high performance of the business. In 2014, the business maintained a successful contract renewal record with some significant wins.

APN Outdoor's contract with the South Australian Department of Planning, Transport and Infrastructure was renewed for a further term, which includes not only Adelaide's bus fleet but the iconic tram network as well.

As the incumbent for the advertising signage on the M5 Motorway in Sydney, APN Outdoor was successful in a competitive tender process to renew a long-term partnership with the road operator. This upgraded motorway reaches a vast audience in the south and southwest of Sydney.

APN Outdoor was also successful in winning the contract to revitalise and inject a contemporary flavour to the Outdoor advertising component of New Zealand's Auckland Airport. Launched late in 2014, the portfolio of sites includes new external and internal Digital Billboards as well as a refurbishment of existing advertising assets. All work carried out has been designed to maximise audience engagement and provide advertisers with the highest quality environments and signage. 'The Apollo', which is the largest Digital Billboard in New Zealand, has been a key piece in the development. It is positioned at the entrance to both the Domestic and International airports.

Management expertise

High-quality management across all disciplines of the business – including Finance, Digital, Commercial, Operations, Sales and Marketing – was another core component to APN Outdoor's success in 2014. The company's strong team of managers led their teams and ensured all planned strategies were implemented with a high degree of confidence and excellence.

Future focus

As technology continues to surround consumers, it is increasingly an opportunity for the business to deepen the connection between audiences and advertisers. As technology develops APN Outdoor will continue to focus on opportunities for its application. Near Field Communications (NFC), Quick Response (QR) codes and tags, visual recognition and iBeacon are some examples of the exciting methods of technology being used to add value to audience propositions for advertisers in the Outdoor environment.

APN Outdoor's view of the future performance of the business remains very positive with the fundamental characteristics of the company's growth assumptions being maintained. The competitive position of the Outdoor industry means APN Outdoor will continue to outperform most other mainstream media as it enjoys greater market share penetration through increased audience delivery, aggressive developments and operational activity.

Richard Herring
Chief Executive Officer

26 February 2015 | Sydney

Your new centre of attention.

LUX COLLECTION_SYDNEY AIRPORT_SYDNEY

Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of APN Outdoor Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2014.

Directors

The following persons were Directors of APN Outdoor Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Doug Flynn - Chairman (appointed 17 October 2014)
- Pat O'Sullivan (appointed 17 October 2014)
- Lisa Chung (appointed 17 October 2014)
- Jack Matthews (appointed 17 October 2014)
- Richard Herring (appointed 24 February 2014)
- Chris Hadley (resigned 17 October 2014)
- Justin Ryan (resigned 17 October 2014)
- Jason Cachia (resigned 17 October 2014)

Principal activities

During the year the principal continuing activities of the Group consisted of the provision of advertising services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

On 24 February 2015 the Board recommended the payment of a fully franked dividend of 1.0 cent per ordinary share ($1,666,145).

Proposed dividends on ordinary shares are not recognised as a liability as at 31 December 2014.

Review of operations

The loss for the Group after providing for income tax amounted to $12,249,000 (31 December 2013: profit of $293,000).

The 2014 result was significantly impacted by costs associated with the initial public offering of the company in November 2014.

A review of operations of the Group is set out in pages 4 to 6.

Significant changes in the state of affairs

On 24 January 2014, APN News and Media Limited sold its remaining interest in APN Outdoor Group Pty Limited, comprising ordinary shares and preference shares, for $69m. Redeemable convertible preference shares held by APN News & Media Limited were bought back with the consideration payable being applied against a receivable of $40m from APN News & Media Limited.

APN Outdoor Group Limited was admitted to the Official List of ASX Limited on 11 November 2014 with the ASX code APO.

$329m was raised from the Initial Public Offering in respect of new ordinary shares of which $260m was returned to existing shareholders in respect of ordinary and redeemable preference shares. $160m of existing debt facilities were repaid and $80m was drawn down under the Group's new senior banking facilities.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2014 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Doug Flynn
Title:	Independent non-executive Chairman
Qualifications:	Bachelor of Engineering from the University of Newcastle, New South Wales and received a MBA with distinction from the University of Melbourne
Experience and expertise:	Doug has over 30 years of international experience in the media and information and communication technology industries, including holding various senior management and board positions. Previously, Doug was Chief Executive of newspaper publisher Davies Brothers Limited, which was acquired by News Corporation in 1989 and in 1994 was appointed the Managing Director of News International Plc based in London. After leaving News International in 1998, Doug joined Aegis Group Plc and was appointed as CEO in 1999, where he was instrumental in doubling the size of the company and established a global market research business Synovate and internet services business Isobar. From 2005 to 2008, Doug served as the Chief Executive of facilities management provider Rentokil Initial Plc. Doug returned to Australia in 2008 and from April 2008 to April 2012 was a consultant to and a director of Qin Jia Yuan Media Services Ltd, the leading private television company in China.
Other current directorships:	Chairman of NextDC Limited, iSentia Group Limited and Konekt Ltd
Former directorships (last 3 years):	Seven West Media Limited
Special responsibilities:	Member of Audit and Risk Management Committee and Remuneration and Nomination Committee
Interests in shares:	Included in Remuneration Report

Name:	Pat O'Sullivan
Title:	Independent non-executive Director
Qualifications:	Graduate of the Harvard Business School's Advanced Management Program. CA in Australia and Ireland
Experience and expertise:	Pat has over 30 years of international commercial and business management experience, including holding various senior management and board positions. Previously, Pat was Chief Operating Officer and Finance Director of Nine Entertainment Co., as well as serving as Chairman of NineMSN. Previous to this, Pat was the CFO of Optus, and has also held a number of positions at Goodman Fielder, Burns, Philp & Company, and PricewaterhouseCoopers.
Other current directorships:	Director of iSentia Group Limited, Carsales.com.au and iiNet.
Former directorships (last 3 years):	iSelect Limited
Special responsibilities:	Chair of Audit and Risk Management Committee
Interests in shares:	Included in Remuneration Report

Name:	Lisa Chung
Title:	Independent non-executive Director
Qualifications:	Bachelor of Laws University of Tasmania, graduate of Advanced Management Program INSEAD France, FAICD
Experience and expertise:	Lisa is a commercial property partner with law firm, Maddocks. Lisa brings more than 25 years of legal experience in a wide range of commercial property transactions acting for major government and corporate clients. Her areas of legal expertise include sales and acquisitions of industrial and commercial real estate, commercial leasing, real estate development and the real estate aspects of infrastructure projects. Lisa joined Maddocks in March 2011, after more than 15 years as a partner at Blake Dawson (now Ashurst). While a partner of Blake Dawson, Lisa spent several years serving on the firm's board and in senior management roles, including as Sydney Managing Partner and as the Executive Partner with responsibility for the Property Projects and Government Group and for strategy relating to People and Culture.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of Remuneration and Nomination Committee
Interests in shares:	Included in Remuneration Report

Name:	Jack Matthews
Title:	Independent non-executive Director
Qualifications:	B.A. Philosophy, College of William and Mary
Experience and expertise:	Jack brings extensive knowledge of the evolving digital media landscape, strong commercial networks and experience in executing and successfully integrating digital business acquisitions. Jack has held a number of senior leadership positions within the digital media and subscription television industries in Australia and New Zealand. Since 2006 Jack played an integral role in the success of Fairfax's digital strategy, first as CEO of Fairfax Digital and most recently as CEO of Fairfax Metropolitan Media. Jack has also held senior positions in the USA and Japan.
Other current directorships:	Chairman of Rewardle Holdings Limited and Director of Crown Fibre Holdings Limited, Network for Learning Limited and Trilogy International Limited
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of Audit and Risk Management Committee and Remuneration and Nomination Committee
Interests in shares:	Included in Remuneration Report

Name:	Richard Herring
Title:	Chief Executive Officer, Executive Director
Qualifications:	MBA from Monash University in Melbourne
Experience and expertise:	Richard has been the CEO of APN Outdoor since 2004. He commenced at Cody Outdoor in 1995 as General Manager of Sales and Marketing, and was subsequently appointed CEO. Cody Outdoor was acquired by APN News & Media and became part of APN Outdoor in 2004. Prior to this Richard held a variety of roles at Channel 9, Austereo, Network Ten and Ogilvy and Mather (London).
Other current directorships:	Director of Outdoor Media Association and MOVE
Former directorships (last 3 years):	Nil
Interests in shares:	Included in Remuneration Report

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Wayne Castle has more than 30 years of experience in professional and commercial accounting roles. Prior to joining APN Outdoor, Wayne worked in APN News & Media's corporate office for eight years in a role spanning all of the group's various media interests. During this period Wayne was actively involved in corporate reporting, treasury management and debt refinancing and various M&A activities. Prior to that, Wayne held various senior finance roles across a variety of industries after 10 years with Ernst & Young in audit, technical and education roles. Wayne holds a Bachelor of Commerce with Merit (UNSW) and is a member of the Institute of Chartered Accountants in Australia.

Meetings of Directors

During the period from IPO on 11 November 2014 through to 31 December 2014, one Board meeting was held which was attended by all Directors.

Shares under option

Unissued ordinary shares of APN Outdoor Group Limited under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
18 Nov 2014	31 Dec 2017	$2.55	943,940

Options do not carry any voting or dividend rights and do not confer any right to participate in the issue of new shares or any other securities in APN Outdoor.

Shares issued on the exercise of options

There were no ordinary shares of APN Outdoor Group Limited issued on the exercise of options during the year ended 31 December 2014 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 37 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 37 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of PricewaterhouseCoopers

There are no officers of the Company who are former audit partners of PricewaterhouseCoopers.

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 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this Directors' Report.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Doug Flynn
Chairman

26 February 2015 | Sydney

ELITE SCREENS_YOUNG & JACKSON_MELBOURNE

Auditor's Independence Declaration

As lead auditor for the audit of APN Outdoor Group Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of APN Outdoor Group Limited and the entities it controlled during the period.

David Wiadrowski
Partner
PricewaterhouseCoopers

Sydney
26 February 2015

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

Remuneration Report (Audited)

Highlights for the year

Dear shareholders,

On behalf of the Board of Directors, I'm pleased to present APN Outdoor's first remuneration report. Given our recent listing, the purpose of this report is to set out our remuneration framework going forward for 2015, as well as to describe the transitionary arrangements that were in place for the period from the date of listing to the 2014 financial year end.

APN Outdoor's remuneration framework is designed to support and reinforce its business strategy. Linking remuneration to the drivers that support the business strategy ensures that remuneration outcomes for senior executives are aligned with the creation of sustainable value for shareholders.

The remuneration framework has been developed with four guiding principles in mind:

- Align our executive performance to shareholder interests;
- Motivate and retain senior executives through a mix of fixed and variable pay;
- Deliver a competitive remuneration framework that assists the company to attract and retain talent; and
- Provide a simple and transparent framework that is clear to participants and external stakeholders.

Executive remuneration packages are competitive and the framework provides for a strong link between company performance and executive pay. We believe that the evolving remuneration framework is also transparent and free of undue complexity.

APN Outdoor's remuneration packages support its strategy to remain at the forefront of the outdoor advertising industry in Australia and New Zealand through innovation and capitalising on growth markets. We have a strategic focus on building our digital offering along with targeted capital investment for our panel development pipeline and to upgrade existing inventory.

The growth drivers identified by the Board to help achieve our business strategy for 2015 are as follows:

- Financial performance and capital efficiency
- Workplace health & safety
- High performing people
- Strategy

MAXITRAM_MELBOURNE

Remuneration Report (Audited)

APN Outdoor's executive remuneration framework includes three key elements: fixed remuneration (to provide a fair and equitable fixed salary, which accurately reflects the skills and responsibilities of the role); short term incentive (to encourage and reward in-year performance), and a long term incentive (to drive and reward for longer term sustainable growth).

Fixed remuneration is positioned against the market median, the market being those listed organisations of a similar size and complexity (excluding financial services, resources, materials, energy and healthcare companies) as the base comparator group to determine appropriate levels of pay. Comparator groups and the methodology utilised to assess competitiveness of executive remuneration will be reviewed on an annual basis to ensure that they remain relevant.

The short-term incentive (STI) plan, an annual incentive designed to drive performance measured over a 12 month period, will assess executives against performance relative to a set of pre agreed key performance indicators (KPIs). The broadening of the performance indicators from one indicator (as per the transition plan) is intended to bring greater rigour to the performance management process, and will play an important role in ensuring a stronger link between business strategy, holistic company performance and incentive pay. These KPI's will reflect APN Outdoor's strategy to deliver innovative solutions and capitalize on growth markets.

Upon listing, the company also implemented a new long-term incentive (LTI) plan. Under the new LTI plan, options were granted to Executives and vest over a three year performance period. The plan took effect from 18th November 2014, and is subject to relative Total Shareholder Return (TSR) and Earnings per Share (EPS) performance conditions.

The Board has met with a number of key shareholders and proxy advisors to communicate the framework and develop a level of transparency around Director and executive key management personnel (KMP) remuneration. The Board has also commissioned remuneration consultants and sought appropriate legal advice and we are confident that APN Outdoor's remuneration framework aligns with our business strategy and key external stakeholder expectations.

For 2014, short-term incentives were measured against FY14 EBITDA achievement. The link between performance and pay is clear with the pro-forma EBITDA outcome for the year being 34% above the previous corresponding period and 13% above budget resulting in a correlating STI outcome of 200% of target incentive for all key management personnel.

As a newly listed organisation, APN Outdoor is committed to developing and communicating an effective remuneration framework that will assist us in retaining and motivating our executive team, and in aligning them to deliver on our strategy. The Board welcomes feedback from external stakeholders as part of its commitment to maintaining appropriate levels of corporate governance.

Lisa Chung
Chair of Remuneration and Nomination Committee

26 February 2015 | Sydney

Our detailed remuneration report

This Remuneration Report for the year ended 31 December 2014 outlines key aspects of our remuneration framework, and has been audited in accordance with the Corporations Act 2001.

Our remuneration report contains the following sections:

(a) Who this report covers

(b) Overview of our remuneration framework

(c) How reward was linked to performance

(d) Remuneration expenses for executive KMP

(e) Contractual arrangements with executive KMP

(f) Share based remuneration

(g) Non-executive director arrangements

(h) Directors and executive KMP shareholdings in APN Outdoor

(i) Other statutory disclosures

(a) Who this report covers

This report covers non-executive Directors and executive Key Management Personnel and includes:

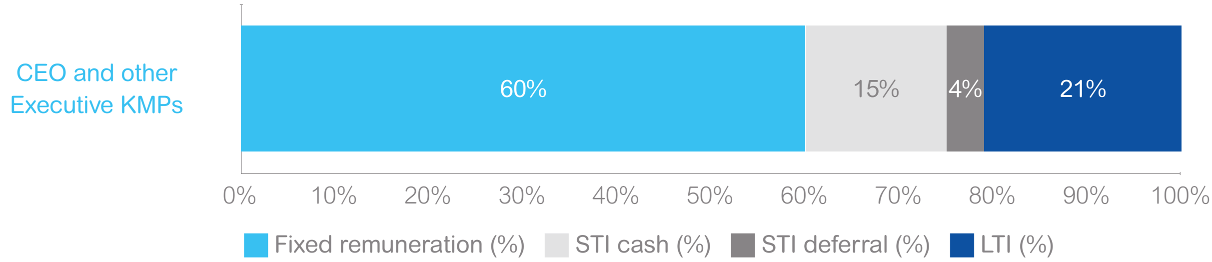
	ROLE
NON-EXECUTIVE DIRECTORS	
Doug Flynn	Independent non-executive Chairman
Pat O'Sullivan	Independent non-executive Director
Lisa Chung	Independent non-executive Director
Jack Matthews	Independent non-executive Director
EXECUTIVE KEY MANAGEMENT PERSONNEL	
Richard Herring	Chief Executive Officer
Andrew Hines	Chief Operating Officer
Wayne Castle	Chief Financial Officer

(b) Overview of our remuneration framework

Our remuneration framework includes both fixed and variable, or performance-based, pay. The performance-based pay components incorporate a balance of elements that reward for both short term and long term results. Annual short term incentives are set at a target of 30% (maximum of 60% from 2015 onwards) of fixed remuneration in order to drive performance, without encouraging undue risk-taking. A deferral component is also included to assist with retention but also to ensure executives are only being paid for sustainable results. Finally, long term incentives are assessed over a three year period and are designed to promote longer term, sustainable, shareholder returns. The maximum LTI allocation value is 35% of fixed remuneration.

Remuneration Report (Audited)

The target remuneration mix for FY2015 is illustrated below:



The Remuneration Committee believes APNO's remuneration mix policy is broadly aligned with companies of similar size in the market, with a slightly heavier weighting toward fixed remuneration.

The Committee intends to move over time towards a remuneration mix that is more heavily weighted to performance based pay having regard to executive employment contracts, retaining key senior executives and what is in the interests of the Company and shareholders.

DESCRIPTION	IMPLEMENTATION	MARKET LEVEL/OPPORTUNITY	CHANGE
TOTAL FIXED REMUNERATION (TFR)			
TFR comprises base salary, and superannuation contributions.	Fixed remuneration is set at a level which is commensurate with the skills required for and responsibilities associated with the role, and within the context of external market levels. Superannuation is paid at the statutory rate. This is currently 9.5%. In certain elected cases, executive KMP pay additional superannuation via salary sacrifice. Fixed remuneration is reviewed on an annual basis and takes into account market movements and individual performance outcomes. There are no guaranteed fixed remuneration increases.	As a baseline, the intention is to pay at the median of the comparator group. The CEO is currently positioned above the median while the other executive KMP are positioned at the median. Fixed remuneration is positioned against the market median, the market being those listed organisations of a similar size and complexity (excluding financial services, resources, materials, energy and healthcare companies) as the base comparator group to determine appropriate levels of pay. APN Outdoor does not typically source senior management roles from the excluded sectors noted above.	An average increase of 4% has been applied to TFR for 2015 for executive KMP.

DESCRIPTION	IMPLEMENTATION	MARKET LEVEL/OPPORTUNITY	CHANGE
SHORT-TERM INCENTIVE (STI)			
STIs are annual bonuses based on performance over a 12 month period. STIs are designed to recognize and reward for performance against annual metrics, while providing a retention mechanism for senior executives through the deferral component.	STIs for 2014 are based on EBITDA performance. Performance outcomes are assessed post year end relative to performance objectives. From 2015 80% of any STI award is delivered as cash, with the remaining 20% being deferred for a period of 12 months. STI deferrals are subject to the ASX listing requirements and may be delivered as restricted shares. No STI is payable unless pre-agreed financial criteria are achieved	Executive KMP (including the CEO) are eligible to receive: › 30% of TFR at target levels of performance; and › 60% of TFR at maximum levels of performance; as defined by the STI performance scorecard.	The STI for 2015 will include a more holistic assessment of performance. Performance metrics for 2015 KMP will include: › Financial (80%): › Revenue; › EBITDA; and › NPAT › Non-financial (20%): › Workplace Health & Safety; › People; and › Strategy
LONG-TERM INCENTIVE (LTI)			
LTIs are long-term incentives designed to ensure alignment with shareholders through share ownership. LTIs assist in the motivation, retention and reward of senior executives. The LTI plan rules allow for LTIs to be delivered as Options and / or Rights. Eligibility is determined by the Board and is targeted at senior executives.	50% of the award will be assessed against relative Total Shareholder Return and 50% of the award will be assessed against Earnings Per Share growth, over a three year performance period. Relative TSR will be measured against the ASX200.	35% of TFR	N/A

LTI VESTING SCHEDULE			
RELATIVE TSR PERFORMANCE	PERCENTAGE OF AWARDS THAT VEST	EPS PERFORMANCE	PERCENTAGE OF AWARDS THAT VEST
<50th percentile relative TSR growth	0%	<6% EPS growth*	0%
At 51st percentile relative TSR growth	50%	At 6% EPS growth*	50%
51st percentile > 75th percentile relative TSR growth	Pro-rata vesting between 50% and 100%	6%>16% EPS growth*	Pro-rata vesting between 30% and 100%
At 75th percentile relative TSR growth	100% vesting	At 16% EPS growth*	100% vesting

* Compound annual growth rate

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

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

Assessment of performance

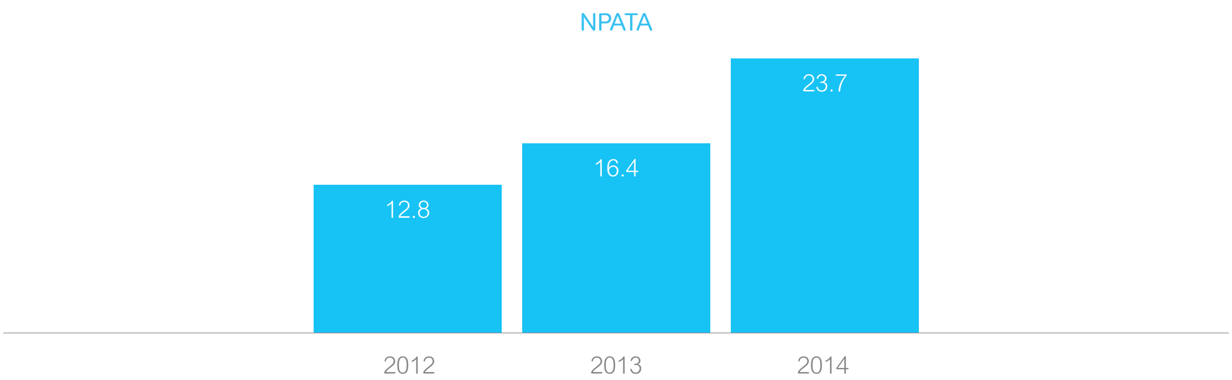
The CEO assesses each Senior Executive's performance considering actual outcomes relative to the agreed targets. Based on this assessment, the CEO makes a recommendation to the Remuneration Committee for Board approval of the amount of STI to award to each Senior Executive.

The Remuneration Committee assesses the actual performance of the Group and the CEO against the actual outcomes relative to the agreed targets and recommends the amount of the STI to be paid to the CEO for approval by the Board. These assessment methods have been chosen as they provide the Committee with an objective assessment of each individual's performance

(c) How reward was linked to performance

Statutory performance indicators

APN Outdoor's financial performance has been strong and above market expectations. As the company has recently listed, statutory disclosures relating to dividend payments, dividend payout ratio, and change in share price are not applicable. The pro-forma net profit after tax and before amortisation (NPATA) over the last three years is shown below:



Performance and impact on remuneration

Pro-forma EBITDA performance for the year ended 31 December 2014 was 13.3% above agreed target for determination of the 2014 STI. This was a very pleasing result and reflects the efforts and contributions of the executive KMP. Accordingly the incentives were paid in line with the agreed vesting schedule.

METRIC	TARGET PERFORMANCE	ACTUAL PERFORMANCE	IMPACT ON AWARD
Pro-forma EBITDA	$40.0m	$45.3m	Maximum STI payout

(d) Remuneration expenses for directors and executive KMPs

Details of the Directors and executive KMPs remuneration for 2014 are set out in the table below.

2014	FIXED REMUNERATION			VARIABLE REMUNERATION			
NAME	CASH SALARY AND FEES	SUPER-ANNUATION	NON-MONETARY BENEFITS	LONG-SERVICE LEAVE	SHORT-TERM INCENTIVE	FAIR VALUE OF LTI AWARD	TOTAL
NON-EXECUTIVE DIRECTORS							
Doug Flynn	45,000	4,275	-	-	-	-	49,275
Pat O'Sullivan	25,000	2,375	-	-	-	-	27,375
Lisa Chung	25,000	2,375	-	-	-	-	27,375
Jack Matthews	22,500	2,138	-	-	-	-	24,638
EXECUTIVE KEY MANAGEMENT PERSONNEL							
Richard Herring	688,222	25,830	-	11,905	460,000	5,650	1,191,607
Andrew Hines	415,378	18,279	-	7,230	280,000	3,431	724,318
Wayne Castle	359,093	23,812	-	6,384	240,000	3,030	632,319
Total	1,580,193	79,084	-	25,519	980,000	12,111	2,676,907

In addition to the above, a transaction completion incentive of $100,000 was awarded to Wayne Castle for additional responsibilities undertaken in respect of the APO listing.

On 9 September 2014 500,000 shares were issued to the Chairman, Doug Flynn at an issue price of $1.00. On 18 November 2014 the Company listed on the Australian Stock Exchange and further shares were issued to new shareholders at an issue price of $2.55.

Amounts paid to directors in the table above relate to the period commencing 1 October 2014.

Details of executive KMPs remuneration for 2013 are set out in the table below:

2013	FIXED REMUNERATION				VARIABLE REMUNERATION		
NAME	CASH SALARY AND FEES	SUPER-ANNUATION	NON-MONETARY BENEFITS	LONG-SERVICE LEAVE	SHORT-TERM INCENTIVE	FAIR VALUE OF LTI AWARD	TOTAL
EXECUTIVE KEY MANAGEMENT PERSONNEL							
Richard Herring	674,750	25,250	-	11,671	437,000	-	1,148,671
Andrew Hines	407,878	17,122	-	7,086	266,000	-	698,086
Wayne Castle	349,270	25,730	-	6,252	228,000	-	609,252
Total	1,431,898	68,102	-	25,009	931,000	-	2,456,009

(e) Contractual arrangements with executive KMPs

Remuneration and other conditions of employment are set out in the executive KMPs employment contracts. The key elements of these employment contracts are summarised below:

COMPONENT	APPROACH FOR CEO	APPROACH FOR OTHER EXECUTIVE KMP
Full-time/part-time	All executive KMPs are appointed on a full-time basis.	
Notice by individual / company	12 months	3-6 months
Termination of employment (with cause)	For all executive KMP the STI incentive is forfeited, and unvested LTI options are forfeited.	
Termination of employment (without cause)	For all executive KMP, if termination occurs prior to 31 March each year, the STI is forfeited. If termination occurs after 31 March, the STI will be paid pro-rata for the period between the beginning of the year and the date of termination. In the event that a termination without cause arises, the unvested LTI options will be subject to 'good leaver provisions'.	
Redundancy	In the event of a CEO redundancy, APN Outdoor must pay an amount equal to 12 months termination.	Redundancy payment on termination equivalent to four weeks' remuneration for every year of service up to a maximum of 12 months.
Restraint of trade	6 months restraint of trade subject to payment of 6 months' remuneration.	3-6 months

(f) Share based remuneration

Key management personnel received a grant of options prior to the listing of APN Outdoor. This is the first grant of options. A summary of the grant is presented below:

NAME	GRANT DATE	VESTING AND/OR EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS GRANTED	VALUE PER OPTION AT GRANT DATE	% VESTED
Richard Herring	18 Nov 2014	31 Dec 2017	31 Dec 2018	$2.55	396,477	$0.377	0%
Andrew Hines	18 Nov 2014	31 Dec 2017	31 Dec 2018	$2.55	240,788	$0.377	0%
Wayne Castle	18 Nov 2014	31 Dec 2017	31 Dec 2018	$2.55	212,608	$0.377	0%

The vesting of options is subject to the achievement of performance conditions as set out in the LTI description of the 'Elements of key management personnel remuneration' section of this report. Options carry no dividend or voting rights. No options were exercised during the year.

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

(g) Non-executive director arrangements

Non-Executive Directors enter into service agreements through a letter of appointment. Non-executive directors receive a fee for their contribution as directors. Fees are determined with reference to the demands of the role and the responsibilities carried out by Directors. The fee setting process also takes into account market levels and the need to attract high quality Directors.

Directors receive fees for their role as members of the Board and, where applicable, for additional responsibilities relating to Board committees. Non-executive directors do not receive any variable remuneration. Where directors are required to provide additional services, these are paid on a fixed fee basis or determined on an hourly basis depending on the nature of the service.

The non-executive Director Fee pool has a maximum value of $900,000 per annum. The total non-executive Director Fee pool is currently $514,650, being 57% of the approved cap.

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

ROLE	CHAIR FEE	MEMBER FEE
Board	$197,100	$98,550
Audit and Risk Management Committee	$10,950	-
Remuneration and Nomination Committee	$10,950	-

(h) Director and executive KMP Shareholding in APN Outdoor

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

2014	BALANCE AT START OF YEAR	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS	ADDITIONAL SHARES ISSUED TO MANAGEMENT	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
NON-EXECUTIVE DIRECTORS					
Doug Flynn	-	-	-	500,000	500,000
Pat O'Sullivan	-	-	-	29,412	29,412
Lisa Chung	-	-	-	9,804	9,804
Jack Matthews	-	-	-	29,412	29,412
EXECUTIVE KEY MANAGEMENT PERSONNEL					
Richard Herring	2,915,183	-	971,728	(1,943,456)	1,943,455
Andrew Hines	1,093,194	-	364,398	(728,796)	728,796
Wayne Castle	1,093,194	-	364,398	(728,796)	728,796
Total	5,101,571	-	1,700,524	(2,832,420)	3,969,675

(i) Other statutory disclosures

External remuneration consultants

During 2014 APN Outdoor engaged the services of external remuneration consultants. Egan Associates assisted APN Outdoor in reviewing its executive remuneration framework and provided guidance and alternatives relating to remuneration framework considerations. The cost of the advice provided by Egan Associates in 2014 was $47,960.

PricewaterhouseCoopers were engaged in 2014 to provide operational remuneration support. No recommendations in relation to the remuneration of executive KMP were provided as part of this engagement.

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

Corporate Governance

Corporate Governance Statement

The Board of Directors of APN Outdoor Group Limited (APNO) is responsible for the overall corporate governance of APNO, including establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations. Accordingly, the Board has created a framework for managing APNO, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for APNO's business and which are designed to promote the responsible management and conduct of APNO.

APNO's corporate governance practices, and the extent to which APNO has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) in 2014, is set out below. Details on compliance with the Corporate Governance Principles and Recommendations relate to the period commencing on 11 November 2014 (the date APNO was admitted to the Official list of the ASX), unless specified otherwise.

RECOMMENDATION		COMPLY	REFERENCE
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Page 30
1.2	A listed entity should (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes	Page 37

RECOMMENDATION		COMPLY	REFERENCE
1.6	A listed entity should (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply	
1.7	A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Page 20
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.1	The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	Page 34
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Page 32
2.3	A listed entity should disclose (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship relevant to assessing independence, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	Page 32
2.4	A majority of the Board of a listed entity should be independent directors.	Yes	Page 32
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	

RECOMMENDATION		COMPLY	REFERENCE
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose the code or a summary of it.	Yes	Page 36
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes	Page 34
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Will comply	
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	Page 36
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Page 37
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Page 36

RECOMMENDATION		COMPLY	REFERENCE
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent Chair, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	Page 34
7.2	The board or a committee of the board should (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	
7.3	A listed entity should disclose (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	Page 34
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Page 34

RECOMMENDATION		COMPLY	REFERENCE
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	Page 35
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Pages 17-24
8.3	A listed entity which has an equity-based remuneration scheme should (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	Page 35

The Company's key corporate governance practices are discussed within this statement. Further information on corporate governance policies adopted by the Company is set out at: www.apnoutdoor.com.au

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Board of Directors

The Board strives to build sustainable value for shareholders whilst protecting the assets and reputation of APNO. The Board has adopted a Board Charter which sets out the responsibilities of the Board and its structure and governance requirements. Under the Board Charter, the functions of the Board are to:

(i) approve APNO's strategies, budgets and business plans;

(ii) approve APNO's annual report including the financial statements, directors' report, remuneration report and corporate governance statement, with advice from the Remuneration and Nomination Committee and the Audit and Risk Management Committee, as appropriate;

(iii) approve major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business of the company, any significant capital expenditure and the issue of any shares, options, equity instruments or other securities in APNO;

(iv) assess performance against strategies to monitor both the performance of senior management of the APNO group (being the Chief Executive Officer and other individuals as determined from time to time by the Remuneration and Nomination Committee) as well as the continuing suitability of such strategies;

(v) review operating information to understand at all times the state of health of APNO;

(vi) consider the economic, work health and safety, environmental and social sustainability risks of APNO's activities;

(vii) ensure that APNO acts legally and responsibly on all matters and that the highest ethical standards are maintained;

(viii) develop an investor relations program to facilitate effective two-way communication with investors;

(ix) maintain a constructive and ongoing relationship with the Australian Securities Exchange (ASX) and regulators, and approve policies regarding disclosure and communications with the market and APNO's shareholders; and

(x) monitor and approve changes to internal governance including delegated authorities, and monitor resources available to Senior Management.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of Directors and for the operations of the Board.

The responsibility for the operation and administration of the Group is delegated, by the Board, to Senior Management. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the Senior Management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of specialist sub-committees which are able to focus on a particular responsibility and provide informed feedback to the Board.

With the guidance of the Board's Remuneration and Nomination Committee, the Board is responsible for:

(xi) evaluating and approving the remuneration packages of the Chief Executive Officer and other members of Senior Management;

(xii) evaluating and approving the remuneration arrangements of non-executive directors;

(xiii) monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;

(xiv) administering short and long term incentive plans (including any equity plans) and engaging external remuneration consultants;

(xv) appointing, evaluating or removing the Chief Executive Officer, and approving appointments or removal of all other members of Senior Management and directors;

(xvi) regularly assessing the independence of all directors;

(xvii) reviewing and implementing succession planning for directors and Senior Management; and

(xviii) monitoring the organisational capability and mix of skills, experience, expertise and diversity on the Board and, when necessary, appointing new directors, for approval by shareholders.

With the guidance of the Audit and Risk Management Committee, the Board is responsible for:

(i) overseeing the establishment of and approving APNO's risk management strategy, policies, procedures and systems;

(ii) reviewing and monitoring the effectiveness of APNO's risk management strategy, policies, procedures and systems;

(iii) reviewing and approving APNO's financial statements and reports;

(iv) overseeing APNO's financial reporting, which, without limitation, includes:

- reviewing the suitability of APNO's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
- assessing significant estimates and judgements in financial reports;
- assessing information from external auditors to ensure the quality of financial reports; and
- determining whether the financial and associated non-financial statements should be signed based on the Audit and Risk Management Committee's assessment of them;

(v) the entry into, approval or disclosure of related party transactions (if any);

(vi) overseeing APNO's financial controls and systems; and

(vii) managing audit arrangements and auditor independence.

The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.

Powers delegated to management

The Board has delegated to the Chief Executive Officer the authority and power to manage APNO and its businesses within levels of authority specified by the Board from time to time. The Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for APNO's performance and is required to report regularly to the Board on the progress being made by APNO's business units.

The respective roles and responsibilities of the Board and management, including those matters expressly reserved to the Board and those delegated to management, are set out in the Board Charter.

The Chief Executive Officer's role includes:

(i) responsibility for the effective leadership of the management team;

(ii) the development of strategic objectives for the business; and

(iii) the day-to-day management of APNO's operations.

Committee Membership

Membership of Board committees during the year and as at the date of this report is set out below.

DIRECTOR	AUDIT AND RISK MANAGEMENT	REMUNERATION AND NOMINATION
Doug Flynn, Independent Non-Executive Chairman	Member	Member
Richard Herring, CEO and Executive Director	-	-
Lisa Chung, Independent Non-Executive Director	-	Chair
Pat O'Sullivan, Independent Non-Executive Director	Chair	-
Jack Matthews, Independent Non-Executive Director	Member	Member

Each director's relevant qualifications and experience are listed at pages 9 to 11 of this Annual Report.

Attendance at Committee Meetings

As APNO listed on 11 November 2014, no committee meetings were held in 2014, the Audit and Risk Management and Remuneration and Nomination Committees met for the first time on 24 February 2015 and will schedule to meet as required throughout the year.

Board skills matrix

The Board has undertaken a process to determine the competencies it requires as a whole in order to effectively discharge its duties and has categorised them into four key areas as set out below. Directors have been individually assessed against each competency using the scale "competent | strong | high". Individual ratings have been aggregated to determine the ranking for the whole of the Board for each key competency area. In addition, the Board has created matrices to assess its degree of independence and gender diversity. A summary of the Board's assessment is shown below.

Industry competencies	Strong
Technical competencies	Strong
Governance competencies	Strong
Business administration	High
Independence	High
Gender diversity	Medium

Independence of Directors

The Board considers an Independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of APNO and its security holders generally. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers that each of Doug Flynn, Lisa Chung, Pat O'Sullivan and Jack Matthews are free from any interest, positions, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Richard Herring is currently considered by the Board not to be independent on the basis that he is the Chief Executive Officer of APNO.

Accordingly, the Board consists of a majority of independent Directors. The Directors believe that they are able to objectively analyse the issues before them in the best interests of all shareholders and in accordance with their duties as Directors.

Each of Doug Flynn, Lisa Chung, Pat O'Sullivan and Jack Matthews were appointed to the Board on 17 October 2014 (immediately prior to lodgement of the prospectus dated 20 October 2014). Richard Herring has served as a director of APNO since 24 January 2014.

Committees

The Board operates two committees:

(i) Audit and Risk Management Committee; and

(ii) Remuneration and Nomination Committee.

Copies of the charter of each committee are available on APNO's website.

The Board has reviewed the membership and Charter of each of the committees and determined that both are appropriate for APNO's current circumstances.

ELITE SCREENS_SYDNEY AIRPORT_SYDNEY

Audit and Risk Management Committee

The Audit and Risk Management Committee's role is to assist the Board in fulfilling its responsibilities for corporate governance and oversight of APNO's financial reporting, internal control structure, risk management systems and internal and external audit functions.

Key responsibilities

The Audit and Risk Management Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities:

(i) to oversee the establishment of and approving APNO's risk management strategy, policies, procedures and systems;

(ii) to review and monitor the effectiveness of APNO's risk management strategy, policies, procedures and systems;

(iii) to review and approve APNO's financial statements and reports;

(iv) in relation to APNO's financial reporting, which, without limitation, includes:

- reviewing the suitability of APNO's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
- assessing significant estimates and judgements in financial reports;
- assessing information from the external auditor to ensure the quality of financial reports; and
- recommending to the Board whether the financial and associated non-financial statements should be signed based on the Audit and Risk Management Committee's assessment of them;

(v) in relation to the entry into, approval or disclosure of related party transactions (if any);

(vi) in overseeing APNO's financial controls and systems; and

(vii) to manage audit arrangements and auditor independence, including considering whether an internal audit function is required and, if not, ensuring that APNO discloses the processes it employs to evaluate and improve its risk management and internal control processes.

As set out in its Charter, the Audit and Risk Management Committee comprises at least three members, all of whom are independent non-executive directors. The chair of the committee is an independent director who is not the chair of the Board.

Risk Management

The Audit and Risk Management Committee also oversees the effectiveness of APNO's financial controls and systems, oversees the risk management function and evaluates the structure and adequacy of the group's insurance coverage periodically.

The risks faced by APNO may include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social sustainability risk, work health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk.

APNO does not currently have an internal auditor, which the Board has determined is appropriate given the size of the company and the nature of its business. APNO management is responsible for establishing APNO's risk management framework, including identifying major or potentially major risk areas and developing APNO's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks. Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.

The Audit and Risk Management Committee reviewed APNO's risk management framework at its meeting on 24 February 2015 and has satisfied itself that the framework is sound.

APNO has material exposure to economic risk, both in respect of general economic conditions and its specific exposure to the advertising sector. This risk is managed internally by APNO management in the course of their strategic planning and monitoring. APNO does not have material exposure to any environmental or social sustainability risks.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee's role is to assist the Board in fulfilling its responsibilities for corporate governance and oversight of APNO's remuneration and nomination policies and practices which enable it to attract and retain senior management of the APNO group (comprising the Chief Executive Officer and such other individuals as the Remuneration and Nomination Committee determines from time to time) and appropriately align their interests with those of key stakeholders.

Key responsibilities

The Remuneration and Nomination Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in relation to APNO's:

(i) remuneration policies, including:

- evaluating and approving the remuneration packages (including fixed remuneration, short and long term incentives and any other benefits or arrangements) of the Chief Executive Officer, executive directors and other members of Senior Management;
- evaluating and approving the remuneration arrangements for non-executive directors;
- monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool; and

(ii) engagement of external remuneration consultants;

(iii) short and long term incentive plans, including:

- plan terms and conditions;
- performance hurdles, if any;
- invitations to participation in offers and the terms of participation;
- achievement of performance criteria (if any) and the final level of any payments, grants or allocations; and
- the ability to claw back performance-based remuneration from executive directors and Senior Management where appropriate;

(iii) equity plans, including:

- amendments to the terms of existing plans within the parameters of those plans;
- administration and operation of plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans; and
- the ability to claw back performance-based remuneration from executive directors and Senior Management where appropriate;

(iv) Board composition and performance, including:

- the appropriate size, composition and diversity of the Board;
- the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
- recommendations for the appointment, composition, re-election and removal of directors;
- the terms and conditions of appointment to and retirement from the Board;
- ensuring that an effective induction process is in place for newly appointed directors and review of those induction procedures;
- ensuring that continuing directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a director effectively;
- the evaluation of the Board's performance; of the Board, its committees and directors;
- the time non-executive directors are expected to devote to APNO's affairs and whether directors are meeting that requirement; and
- review of Board succession plans;

(v) succession of the Chief Executive Officer and their direct reports, including:

- guidelines for management development; and
- review of the Chief Executive Officer and other members of Senior Management succession and development plans.

As set out in its Charter, the Remuneration and Nomination Committee comprises at least three members, all of whom are independent non-executive directors. The chair of the committee is an independent director who is not the chair of the Board.

Annual General Meeting

APNO's inaugural AGM will be held on 24 April 2015. The company's external auditor, PricewaterhouseCoopers, has indicated that they will attend the AGM and will be available to answer questions from shareholders relevant to the audit of the financial report for the financial year ended 31 December 2014.

Code of Conduct

The Board recognises the need to observe the highest standard of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct which sets out the way APNO and its subsidiaries conduct business. All employees (including directors and senior executives) are required to understand and comply with their obligations under APNO's Code of Conduct and breaches of the Code may be subject to disciplinary action including termination of employment, if appropriate.

Each APNO employee (including temporary employees and contractors) and director is responsible for complying with the Code of Conduct both in detail and in spirit. Under the Code of Conduct, each such person must:

- act in the best interests of APNO;
- act with integrity – being honest, ethical, fair and trustworthy in all business dealings and relationships;
- avoid conflicts between APNO's interests and personal interests;
- protect APNO's business assets;
- not take advantage of the property or information of APNO or its customers for personal gain or to cause detriment to APNO or its customers;
- not take advantage of their position or the opportunities arising therefrom for personal gain;
- respect and abide by APNO's obligations to fellow employees, shareholders, customers, suppliers, competitors and the communities in which APNO operates; and
- comply with the laws and regulations that apply to APNO and its operations and avoid any illegal or unethical activity.

The full Code of Conduct is available on the APNO website.

Securities Trading Policy

APNO has adopted a Securities Trading Policy which applies to APNO, its Directors, company secretary and senior management and other persons nominated by the Board from time to time. The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in APNO shares that is prohibited under the Corporations Act and to establish procedures in relation to such persons dealing in APNO shares.

The Securities Trading Policy establishes blackout periods during which shares cannot be traded, except as outlined in the policy, raises awareness of the insider trading laws, explains the types of conduct in relation to dealings in shares that are prohibited under the Corporations Act and establishes procedures in relation to certain APNO persons dealing in shares.

The policy provides that the entering into of all types of "protection arrangements" for any APNO securities (including APNO-related products in the derivatives markets) is prohibited at any time in respect of any APNO securities which are unvested or subject to a holding lock, and otherwise, requires consent in accordance with the policy. The policy also prohibits speculative trading, the granting of any form of security over any APNO securities which are unvested or subject to a holding lock, and entering into any margin lending arrangement involving APNO securities.

The full Securities Trading Policy is available on APNO's website.

Disclosure Policy and Shareholder Communication Policy

Market disclosure

APNO has adopted a Disclosure Policy designed to ensure compliance with the Company's continuous disclosure requirements.

The Disclosure Policy sets out requirements aimed to ensure full and timely disclosure to the market as required under APNO's continuous disclosure obligations and the Shareholder Communication Policy ensures that shareholders are informed in a timely and readily accessible manner of all major developments affecting the state of affairs of APNO.

To facilitate compliance with the Company's continuous disclosure obligations, the Board has established a disclosure committee comprising of:

(i) the chair of the Board;

(ii) APNO's Chief Executive Officer;

(iii) APNO's Chief Financial Officer; and

(iv) APNO's company secretary (who, for administrative convenience only, is primarily responsible for overseeing and coordinating all communication with the ASX, investors, analysts, brokers, the media and the public – at this time, Chief Financial Officer also serves as the company secretary).

The Board of Directors is primarily responsible for all decisions in relation to trading halts. In circumstances where timing does not allow full Board consideration, authority is delegated to the disclosure committee to determine whether a trading halt is warranted.

The onus is on all staff to inform a member of the disclosure committee of any price sensitive information as soon as they become aware of it. The Code of Conduct requires that everyone in APNO is aware of the requirements of the Disclosure Policy and acts in accordance with the Disclosure Policy.

The Disclosure Policy is available on APNO's website.

Communication with shareholders

APNO has adopted a Shareholder Communication Policy, expressly recognising the right of shareholders to be informed of matters which affect their investment in the Company. The purpose of the Shareholder Communication Policy is to promote effective communication with shareholders and other stakeholders and to encourage and facilitate participation at APNO's general meetings and dealing promptly with the enquiries of shareholders and other stakeholders.

The investor relations section of APNO's website is the primary medium of providing information to all shareholders and stakeholders. It has been designed to enable information to be accessed in a clear and readily accessible manner. The investor relations section of APNO's website contain information relevant to shareholders and stakeholders including statements lodged with the ASX by APNO (including all financial results and annual reports), board and board committee charters and corporate governance policies, press releases and other material relevant to APNO shareholders.

The AGM provides an important opportunity for APNO to provide information to its shareholders and a reasonable opportunity for informed shareholder participation. At the AGM, shareholders can express their views to the Board and management and to vote on the Board's proposals. All shareholders are encouraged to attend the AGM. APNO's external auditor attends its AGM and is available to answer any questions regarding the conduct of and any issues arising from the audit or the preparation and content of the auditor's report.

The Shareholder Communication Policy is available on APNO's website.

Diversity

The workforce of APNO is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. APNO's diversity policy aims to align APNO's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of diverse skills and talent from its workforce.

In the context of this policy, diversity extends beyond gender and includes, but is not limited to issues of age, ethnicity, marital or family status, religious or cultural background, sexual orientation or preference, disability and mental impairment. The policy is approved by the Board and is reviewed at least annually.

Key principles

APNO will endeavour to ensure:

› that APNO's corporate culture at all levels supports diversity in the workplace whilst maintaining a commitment to a high performance culture;

› that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain types of candidates;

- that consideration is given to programs and processes that will assist in the development of a broader and more diverse pool of skilled and experienced employees;
- support for an individual's domestic responsibilities (including the adoption of flexible work practices that will assist them to meet those responsibilities);
- the policy for selection and appointment of new directors is transparent; and
- the Board establishes objectives on an annual basis to identify ways in which the achievement of gender diversity at APNO is measured, and in relation to other aspects of this diversity policy.

Gender diversity

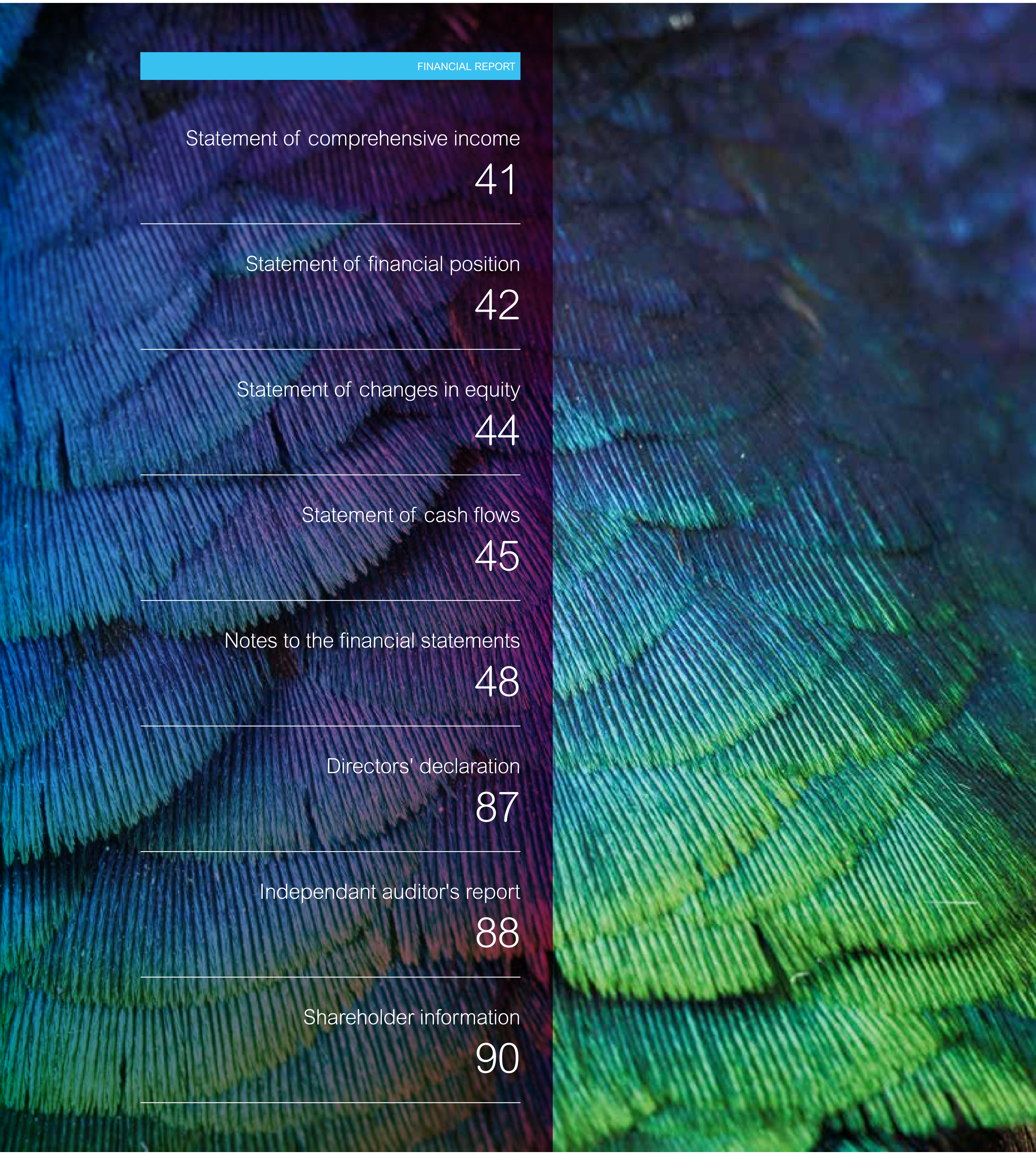
As at 31 December 2014, the proportion of women employed by APNO was as follows:

Board of Directors	20%
Senior executive positions	11%
Total APNO permanent workforce	50%

Senior executives above comprise the CEO, COO, CFO and all general managers.

Objectives for 2015

- The recruitment process for all senior management appoints will include a diverse pool of candidates.
- In addition to the Company's diversity policy, other activities that support a fair and inclusive workplace include:
  - ensuring employees have access to opportunities within the Company based on merit;
  - updating performance review tools and objectives to support a diverse workforce; and
  - implementing policies that create a culture free from discrimination, harassment and bullying.



FINANCIAL REPORT

General information

The financial statements cover APN Outdoor Group Limited as a Group consisting of APN Outdoor Group Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is APN Outdoor Group Limited's functional and presentation currency.

APN Outdoor Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
33 Saunders Street
Pyrmont, NSW 2009

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2015. The Directors have the power to amend and reissue the financial statements.

DIGITAL WALL_SYDNEY INTERNATIONAL AIRPORT_SYDNEY

Statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE	GROUP 2014 $'000	GROUP 2013 $'000
Revenue	4	250,613	225,755
Other income	5	12	123
Expenses			
Raw materials and consumables used		(8,242)	(8,428)
Sales and marketing expense		(25,150)	(20,345)
Production and installation costs		(19,076)	(19,110)
Employee benefits expense		(30,868)	(26,730)
Rental of advertising space		(108,236)	(104,396)
Depreciation and amortisation expense	6	(9,918)	(9,708)
Restructuring costs		(595)	(880)
IPO transaction costs		(11,859)	-
Onerous lease	28	(4,472)	-
Other expenses		(17,945)	(14,726)
Finance costs	6	(30,420)	(20,782)
Total expenses		(266,781)	(225,105)
Profit/(loss) before income tax (expense)/benefit		(16,156)	773
Income tax (expense)/benefit	7	3,907	(480)
Profit/(loss) after income tax expense for the year attributable to the owners of APN Outdoor Group Limited	33	(12,249)	293
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		872	-
Net change in the fair value of cash flow hedges taken to equity, net of tax		(17)	393
Foreign currency translation		902	2,799
Other comprehensive income for the year, net of tax		1,757	3,192
Total comprehensive income for the year attributable to the owners of APN Outdoor Group Limited		(10,492)	3,485
		CENTS	CENTS
Basic earnings per share	45	(7.35)	0.18
Diluted earnings per share	45	(7.35)	0.17

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

AS AT 31 DECEMBER 2014

	NOTE	GROUP 2014 $'000	GROUP 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	9,865	12,616
Trade and other receivables	9	58,284	45,677
Inventories	10	585	876
Income tax asset	11	253	-
Other	12	7,218	47,058
Total current assets		76,205	106,227
Non-current assets			
Investments accounted for using the equity method	13	517	643
Property, plant and equipment	14	71,843	64,560
Intangibles	15	213,901	214,880
Deferred tax	16	9,439	5,090
Other	17	-	3,966
Total non-current assets		295,700	289,139
Total assets		371,905	395,366
LIABILITIES			
Current liabilities			
Trade and other payables	18	27,792	19,145
Borrowings	19	-	6,268
Income tax	20	-	2,275
Employee benefits	21	1,841	1,395
Provisions	22	851	-
Other	23	481	344
Total current liabilities		30,965	29,427
Non-current liabilities			
Borrowings	24	85,121	159,370
Derivative financial instruments	25	24	1,244
Deferred tax	26	32,908	35,661
Employee benefits	27	289	189
Provisions	28	2,934	-
Other	29	3,390	9,572
Total non-current liabilities		124,666	206,036
Total liabilities		155,631	235,463
Net assets		216,274	159,903

The above statement of financial position should be read in conjunction with the accompanying notes

	NOTE	GROUP 2014 $'000	GROUP 2013 $'000
EQUITY			
Issued capital	30	222,334	115,484
Redeemable convertible preference shares	31	-	40,000
Reserves	32	3,817	2,047
Retained profits/(accumulated losses)	33	(9,877)	2,372
Total equity		216,274	159,903

MAXITRAM_MELBOURNE

Statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP	ISSUED CAPITAL $'000	REDEEMABLE CONVERTIBLE PREFERENCE SHARES $'000	RESERVES $'000	RETAINED PROFITS / (ACC LOSSES) $'000	TOTAL $'000
Balance at 1 January 2013	115,484	40,000	(1,145)	2,079	156,418
Profit after income tax (expense)/benefit for the year	-	-	-	293	293
Other comprehensive income for the year, net of tax	-	-	3,192	-	3,192
Total comprehensive income for the year	-	-	3,192	293	3,485
Balance at 31 December 2013	115,484	40,000	2,047	2,372	159,903

GROUP	ISSUED CAPITAL $'000	REDEEMABLE CONVERTIBLE PREFERENCE SHARES $'000	RESERVES $'000	RETAINED PROFITS / (ACC LOSSES) $'000	TOTAL $'000
Balance at 1 January 2014	115,484	40,000	2,047	2,372	159,903
Loss after income tax (expense)/benefit for the year	-	-	-	(12,249)	(12,249)
Other comprehensive income for the year, net of tax	-	-	1,757	-	1,757
Total comprehensive income for the year	-	-	1,757	(12,249)	(10,492)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Contributions of equity, net of transaction costs (note 30)	106,850	-	-	-	106,850
Preference shares extinguished	-	(40,000)	-	-	(40,000)
Share options issued	-	-	13	-	13
Balance at 31 December 2014	222,334	-	3,817	(9,877)	216,274

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE	GROUP 2014 $'000	GROUP 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax expense for the year		(16,156)	773
Adjustments for:			
Depreciation and amortisation		9,918	9,419
Write off of property, plant and equipment		4,102	2,741
Additional shares issued to management	30	765	-
Issue of shares to Chairman	30	780	-
Option charge for the period	32	13	-
Onerous contract		3,149	-
Other		315	(851)
Interest and other finance costs		30,420	20,783
		33,306	32,865
Change in operating assets and liabilities:			
Increase in trade and other receivables		(12,611)	(5,801)
Decrease/(increase) in inventories		291	(376)
Decrease in deferred revenue		137	-
Increase in prepayments		(138)	(87)
Increase in trade and other payables		10,578	2,854
Increase/(decrease) in employee benefits		543	(20)
		32,106	29,435
Interest and other finance costs paid		(18,005)	(9,365)
Income taxes paid		(2,297)	(764)
Net cash from operating activities		11,804	19,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	14	(20,931)	(16,231)
Payments for intangibles		(381)	-
Cash receipt from repayment of loans		-	231
Net cash used in investing activities		(21,312)	(16,000)

The above statement of cash flows should be read in conjunction with the accompanying notes

APN OUTDOOR

Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE	GROUP 2014 $'000	GROUP 2013 $'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	30	329,828	-
Share issue transaction costs	30	(6,291)	-
Return of capital	30	(220,119)	-
Proceeds from borrowings - pre IPO facilities		46,000	5,300
Proceeds from borrowings - post IPO facilities	24	86,000	-
Repayment of borrowings		(160,216)	(13,158)
Repayment of shareholder loans		(69,230)	-
Repayment of loans to management shareholders	17	3,966	-
Borrowing costs paid		(3,316)	-
Net cash from/(used in) financing activities		6,622	(7,858)
Net decrease in cash and cash equivalents		(2,886)	(4,552)
Cash and cash equivalents at the beginning of the financial year		12,616	16,815
Effects of exchange rate changes on cash and cash equivalents		135	353
Cash and cash equivalents at the end of the financial year	8	9,865	12,616

IPO transaction costs of $11.9m are included in cash flows from operating activities.

The above statement of cash flows should be read in conjunction with the accompanying notes

ELITE SCREENS_AUCKLAND_NZ

Notes to the financial statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 41. The accounting policies adopted by the parent entity are the same as those adopted by the Group.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of APN Outdoor Group Limited ('Company' or 'parent entity') as at 31 December 2014 and the results of all subsidiaries for the year then ended. APN Outdoor Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is APN Outdoor Group Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable net of credits and is recognised over the period of display. Production and installation revenues are recognised at the time of initial display. Revenues are reported on a gross basis with agency commissions being included in sales and marketing expenses.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest revenue is included in Other Revenue.

Income tax

The income tax expense or benefit for the period is the tax payable on that period'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, unused tax losses and the adjustment recognised for prior periods, where applicable.

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 tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

APN Outdoor Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 45 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

Derivative financial instruments

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. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce 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 unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Static billboards	20 years
Digital billboards	12 years
Transit assets	4 years
Office equipment	4 years

Digital Billboards are predominantly large format and comprise a screen (a typical large format digital screen is 40m2) as well as supporting infrastructure. The cost of a typical large format digital billboard comprises approximately 50% screen cost and 50% infrastructure costs. Infrastructure costs included are comparable to static billboard structures which are depreciated over 20 years. 10 year maintenance contracts are effected for all large format digital screens.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Repairs and maintenance

Plant and equipment is required to be maintained on a regular basis. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Licenses, systems and processes

Licenses, systems and processes are brought to account at cost. These assets represent capitalised future income streams and other value attributable to site licenses and the Group's systems and processes. Systems and processes are not separate identifiable assets as they are not able to be valued individually, their value is embedded in the site licenses. Licenses, systems and processes are being amortised over 40 years.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Minimum guaranteed payments are charged to profit or loss on a straight line basis over the period of the lease.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of month end.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs are expensed in the period in which they are incurred, including:

› interest on short-term and long-term borrowings

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, 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 option. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company. Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of APN Outdoor Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income 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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2014. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; 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: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of goodwill and other intangible assets

The Group assesses impairment of goodwill and other intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Derivative financial instruments

Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Onerous lease provision

A provision has been made for an onerous lease contract. The provision relates to an asset development contract which was discontinued in 2014 following receipt of a feasibility study which concluded that the project was not commercially viable.

Note 3. Operating segments

The Group operates in one market segment only being Out-of-Home advertising.

Note 4. Revenue

	GROUP	
	2014 $'000	2013 $'000
SALES REVENUE		
Advertising revenue	250,447	225,573
OTHER REVENUE		
Sundry revenue	166	182
Revenue	250,613	225,755

Note 5. Other income

	GROUP	
	2014 $'000	2013 $'000
Rent received	12	123

Note 6. Expenses

	GROUP	
	2014 $'000	2013 $'000
Profit/(loss) before income tax includes the following specific expenses:		
DEPRECIATION		
Plant and equipment	7,085	6,829
AMORTISATION		
Software	33	38
Licenses, systems and processes	2,607	2,552
Other	193	289
Total amortisation	2,833	2,879
FINANCE COSTS		
Interest and finance charges paid/payable	16,388	9,764
Interest and finance charges paid/payable to shareholders	4,951	9,246
Borrowing cost amortisation	8,445	1,772
Interest - onerous lease	636	-
Finance costs expensed	30,420	20,782

Note 7. Income tax expense/(benefit)

	GROUP 2014 $'000	2013 $'000
INCOME TAX EXPENSE/(BENEFIT)		
Current tax	1,692	2,299
Deferred tax - origination and reversal of temporary differences	(5,646)	(1,820)
Under provision in prior year	47	1
Aggregate income tax expense/(benefit)	(3,907)	480
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 16)	(3,834)	8
Decrease in deferred tax liabilities (note 26)	(1,812)	(1,828)
Deferred tax - origination and reversal of temporary differences	(5,646)	(1,820)
NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE/(BENEFIT) AND TAX AT THE STATUTORY RATE		
Profit/(loss) before income tax (expense)/benefit	(16,156)	773
Tax at the statutory tax rate of 30%	(4,847)	232
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	843	170
Share of loss from associates	57	87
	(3,947)	489
Difference in overseas tax rates	(26)	(10)
Under provision in prior year	66	1
Income tax expense/(benefit)	(3,907)	480
AMOUNTS CHARGED/(CREDITED) DIRECTLY TO EQUITY		
Deferred tax assets (note 16)	(515)	1,297

Note 8. Current assets - cash and cash equivalents

	GROUP	
	2014 $'000	2013 $'000
Cash on hand	2	2
Cash at bank	9,863	12,614
	9,865	12,616

Note 9. Current assets - trade and other receivables

	GROUP	
	2014 $'000	2013 $'000
Trade receivables	58,403	45,579
Less: Provision for impairment of receivables	(1,061)	(646)
	57,342	44,933
Sundry receivables	942	744
	58, 284	45,677

Impairment of receivables

The ageing of the impaired receivables provided for above are as follows:

	GROUP	
	2014 $'000	2013 $'000
Not past due	62	169
Past due 1-30 days	73	10
Past due 31-60 days	44	20
Past due 60+ days	882	447
	1,061	646

Movements in the provision for impairment of receivables are as follows:

	GROUP	
	2014 $'000	2013 $'000
Opening balance	646	816
Additional provisions recognised	1,027	325
Receivables written off during the year as uncollectable	(612)	(495)
Closing balance	1,061	646

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $7,196,000 as at 31 December 2014 ($3,046,000 as at 31 December 2013).

The ageing of the past due but not impaired receivables are as follows:

	GROUP	
	2014 $'000	2013 $'000
Past due 1-30 days	4,247	2,314
Past due 31-60 days	2,109	546
Past due 60+ days	840	186
	7,196	3,046

Note 10. Current assets - inventories

	GROUP	
	2014 $'000	2013 $'000
Raw materials - at cost	585	876

Note 11. Current assets - income tax asset

	GROUP	
	2014 $'000	2013 $'000
Income tax asset	253	-

Note 12. Current assets - other

	GROUP	
	2014 $'000	2013 $'000
Prepayments	7,218	7,010
Loans to related parties	-	40,000
Other current assets	-	48
	7,218	47,058

On 24 January 2014, APN News and Media Limited sold its remaining interest in APN Outdoor Group Pty Limited, comprising ordinary shares and preference shares, for $69,000,000. Redeemable convertible preference shares held by APN News & Media Limited were bought back with the consideration payable being applied against a receivable of $40,000,000 from APN News & Media Limited.

Note 13. Non-current assets - investments accounted for using the equity method

	GROUP	
	2014 $'000	2013 $'000
Measurement of Outdoor Visibility and Exposure Pty Limited	517	579
Outdoor Media (1996) Limited	-	64
	517	643

Note 14. Non-current assets - property, plant and equipment

	GROUP	
	2014 $'000	2013 $'000
Plant and equipment - at cost	92,079	77,332
Less: Accumulated depreciation	(24,333)	(18,194)
	67,746	59,138
Capital works in progress	4,097	5,422
	71,843	64,560

ELITE SCREENS_YOUNG & JACKSON_TRANSIT_MELBOURNE

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	PLANT AND EQUIPMENT	CAPITAL WORKS IN PROGRESS	TOTAL
GROUP	$'000	$'000	$'000
Balance at 1 January 2013	54,009	2,721	56,730
Additions	924	16,393	17,317
Disposals	(2,791)	-	(2,791)
Digital development costs expensed	-	(146)	(146)
Exchange differences	279	-	279
Transfers from capital works in progress	13,546	(13,546)	-
Depreciation expense	(6,829)	-	(6,829)
Balance at 31 December 2013	59,138	5,422	64,560
Additions	300	20,631	20,931
Disposals	(2,869)	-	(2,869)
Digital development costs expensed	-	(533)	(533)
Static billboard spares expensed	-	(700)	(700)
Exchange differences	122	-	122
Transfer to goodwill	(2,583)	-	(2,583)
Transfers from capital works in progress	20,723	(20,723)	-
Depreciation expense	(7,085)	-	(7,085)
Balance at 31 December 2014	67,746	4,097	71,843

Note 15. Non-current assets – intangibles

	GROUP	
	2014 $'000	2013 $'000
Goodwill – at cost	116,521	114,865
Software – at cost	119	114
Less: Accumulated amortisation	(95)	(62)
	24	52
Licences, systems and processes	104,309	104,309
Less: Accumulated amortisation	(6,953)	(4,346)
	97,356	99,963
	213,901	214,880

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	GOODWILL	SOFTWARE	LICENCES, SYSTEMS AND PROCESSES	TOTAL
GROUP	$'000	$'000	$'000	$'000
Balance at 1 January 2013	112,330	69	102,515	214,914
Additions	254	21	-	275
Exchange differences	2,281	-	-	2,281
Amortisation expense	-	(38)	(2,552)	(2,590)
Balance at 31 December 2013	114,865	52	99,963	214,880
Additions	243	5	-	248
Increased tax base - refer below	(1,597)	-	-	(1,597)
Exchange differences	676	-	-	676
Transfer from plant and equipment	2,334	-	-	2,334
Amortisation expense	-	(33)	(2,607)	(2,640)
Balance at 31 December 2014	116,521	24	97,356	213,901

During 2014 the allocable cost amount calculation (ACA) required upon formation of an Australian tax consolidated group was finalised. As a result the tax base of depreciable assets was higher than previously estimated and accordingly the deferred tax liability and goodwill were both reduced.

The recoverable amount of the group's goodwill has been determined by a value-in-use calculation using discounted cash flow model based on a five year projection period and terminal value. The following key assumptions were used: - weighted average cost of capital 10% to 12% - long-term growth rate 2.5% to 4% As at 31 December 2014, the recoverable amount of net assets of the group is greater than the carrying value of the assets and therefore, the intangible assets are not considered to be impaired.

Note 16. Non-current assets – deferred tax

	GROUP	
	2014 $'000	2013 $'000
DEFERRED TAX ASSET COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Amounts recognised in profit or loss:		
Property, plant and equipment	582	485
Accrued expenses & provisions	3,721	2,390
Intangible assets	556	680
Transaction costs (excluding share issue costs)	2,777	-
Other	(826)	(376)
	6,810	3,179
Amounts recognised in equity:		
Share issue costs	2,622	1,538
Derivative financial instruments	7	373
	2,629	1,911
Deferred tax asset	9,439	5,090
MOVEMENTS:		
Opening balance	5,090	6,562
Credited/(charged) to profit or loss (note 7)	3,834	(8)
Credited/(charged) to equity (note 7)	515	(1,297)
Other	-	(167)
Closing balance	9,439	5,090

Note 17. Non-current assets – other

	GROUP	
	2014 $'000	2013 $'000
Loans to management shareholders - unsecured	-	3,966

Loans related to the issue of ordinary shares to key management personnel were granted in 2012. Loans were non-interest bearing and were repaid from proceeds from the sell-down on management shares as part of the Initial Public Offer.

Note 18. Current liabilities – trade and other payables

	GROUP	
	2014 $'000	2013 $'000
Trade payables	5,642	1,355
Accruals	21,352	16,637
GST liability	798	1,153
	27,792	19,145

Refer to note 35 for further information on financial instruments.

Note 19. Current liabilities – borrowings

	GROUP	
	2014 $'000	2013 $'000
Bank loans - secured	-	6,268

Refer to note 35 for further information on financial instruments.

Note 20. Current liabilities – income tax

	GROUP	
	2014 $'000	2013 $'000
Provision for income tax	-	2,275

Note 21. Current liabilities – employee benefits

	GROUP	
	2014 $'000	2013 $'000
Annual leave	1,049	702
Long service leave	792	693
	1,841	1,395

Note 22. Current liabilities – provisions

	GROUP	
	2014 $'000	2013 $'000
Onerous lease	851	-

Note 23. Current liabilities – other

	GROUP	
	2014 $'000	2013 $'000
Deferred revenue	481	344

Note 24. Non-current liabilities – borrowings

	GROUP	
	2014 $'000	2013 $'000
Bank loans – secured	86,000	100,874
Preference shares	-	64,400
Borrowing costs	(916)	(8,866)
Less: accumulated amortisation	37	2,962
	85,121	159,370

Refer to note 35 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	GROUP	
	2014 $'000	2013 $'000
Bank loans – secured	86,000	107,142

Assets pledged as security

Under the current borrowing facilities the Group has provided security over all of its assets and undertakings.

The Group has borrowing facilities of $130,000,000 (2013: 153,092,102) and at reporting date $29,550,233 (2013: 29,420,380) was available for working capital requirements and bank guarantees.

Note 25. Non-current liabilities – derivative financial instruments

	GROUP	
	2014 $'000	2013 $'000
Interest rate swap contracts - cash flow hedges	24	1,244

Refer to note 35 for further information on financial instruments.

Note 26. Non-current liabilities – deferred tax

	GROUP	
	2014 $'000	2013 $'000
DEFERRED TAX LIABILITY COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Amounts recognised in profit or loss:		
Property, plant and equipment	3,295	5,314
Intangibles	29,206	29,989
Other	407	358
Deferred tax liability	32,908	35,661
MOVEMENTS:		
Opening balance	35,661	37,489
Charged to profit or loss (note 7)	(1,812)	(1,828)
Other	(941)	-
Closing balance	32,908	35,661

Note 27. Non-current liabilities – employee benefits

	GROUP	
	2014 $'000	2013 $'000
Long service leave	289	189

Note 28. Non-current liabilities – provisions

	GROUP	
	2014 $'000	2013 $'000
Onerous lease	2,934	-

Onerous lease

The provision represents the present value of the estimated costs that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received. The initial value of the provision of $4,472,000 was charged to profit or loss.

Note 29. Non-current liabilities – other

	GROUP	
	2014 $'000	2013 $'000
Interest payable	-	6,484
Lease liabilities	3,390	3,088
	3,390	9,572

Note 30. Equity – issued capital

	GROUP			
	2014 SHARES	2013 SHARES	2014 $'000	2013 $'000
Ordinary shares – fully paid	166,614,509	121,465,969	222,334	115,484

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE	$'000
Balance	1 January 2013	121,465,969		115,484
Balance	31 December 2013	121,465,969		115,484
Additional shares issued to management	18 November 2014	1,821,989		765
Issue of shares to Chairman	9 September 2014	500,000	$2.55	1,280
Return of capital	18 November 2014	(86,321,078)	$2.55	(220,119)
Issue of shares in APO at $2.55 pursuant to Initial Public Offering	18 November 2014	129,147,629	$2.55	329,326
Share issue transaction costs, net of tax		-		(4,402)
Balance	31 December 2014	166,614,509		222,334

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Additional shares issued to management

Additional shares were issued to key management pursuant to the terms of the Management Equity Plan as a result of investment returns achieved by the controlling shareholder.

Issue of shares to Chairman

$500,000 was paid in respect of the shares issued to Doug Flynn upon him agreeing to join the Company as Chairman.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is 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 optimum 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.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash. Total capital is calculated as total equity plus net debt.

The gearing ratio at the reporting date was as follows:

	GROUP	
	2014 $'000	2013 $'000
Current liabilities – borrowings (note 19)	-	6,268
Non-current liabilities – borrowings (note 24)	85,121	159,370
Total borrowings	85,121	165,638
Current assets – cash and cash equivalents (note 8)	(9,865)	(12,616)
Net debt	75,256	153,022
Total equity	216,274	159,903
Total capital	291,530	312,925
Gearing ratio	26%	49%

Note 31. Equity – Redeemable convertible preference shares

	GROUP	
	2014 $'000	2013 $'000
Redeemable convertible preference shares	-	40,000

Redeemable convertible preference shares were repaid on 18 November 2014 from the proceeds of the Initial Public Offering. Refer also note 12.

Note 32. Equity – reserves

	GROUP	
	2014 $'000	2013 $'000
Foreign currency reserve	3,821	2,919
Hedging reserve – cash flow hedges	(17)	(872)
Share based payments reserve	13	-
	3,817	2,047

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	FOREIGN CURRENCY TRANSLATION	HEDGING	SHARE BASED PAYMENTS	TOTAL
GROUP	$'000	$'000	$'000	$'000
Balance at 1 January 2013	162	(1,263)	-	(1,101)
Net change in value of cash flow hedges	-	561	-	561
Deferred tax	(637)	(170)	-	(807)
Foreign currency translation	3,394	-	-	3,394
Balance at 31 December 2013	2,919	(872)	-	2,047
Net change in value of cash flow hedges	-	(24)	-	(24)
Option charge for the period	-	-	13	13
Deferred tax	(202)	7	-	(195)
Foreign currency translation	1,104	-	-	1,104
Transferred to profit or loss, net of tax	-	872	-	872
Balance at 31 December 2014	3,821	(17)	13	3,817

Note 33. Equity - retained profits/(accumulated losses)

	GROUP	
	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	2,372	2,079
Profit/(loss) after income tax expense for the year	(12,249)	293
Retained profits/(accumulated losses) at the end of the financial year	(9,877)	2,372

Note 34. Equity – dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

On 24 February 2015 the Board recommended the payment of a fully franked dividend of 1.0 cent per ordinary share ($1,666,145).

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and not recognised as a liability as at 31 December 2014.

Franking credits

	GROUP	
	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	3,065	823

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

MULTI-FORMAT BILLBOARDS_BRISBANE

Note 35. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program 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 forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. 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, foreign exchange and other price risks, ageing analysis for credit risk.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The average exchange rates and reporting date exchange rates applied were as follows:

	AVERAGE EXCHANGE RATES		REPORTING DATE EXCHANGE RATES	
	2014	2013	2014	2013
Australian dollars				
New Zealand dollars	1.0870	1.1790	1.0460	1.0880

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As the 2015 year is subject to Prospectus forecasts, the Board considered it prudent to fix a high proportion of interest risk and have used interest rate swaps to fix greater than of 85% of projected senior debt

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	2014		2013	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
GROUP	%	$'000	%	$'000
Bank loans	4.45%	86,000	6.91%	107,142
Interest rate swaps (notional principal amount)	2.38%	(70,000)	3.73%	(102,750)
Net exposure to cash flow interest rate risk		16,000		4,392

The 2014 interest rate swap is forward starting and will commence in H2 of 2015.

An analysis by remaining contractual maturities are shown in 'liquidity and interest rate risk management' below

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	GROUP	
	2014 $'000	2013 $'000
Bank loans	86,000	107,142

The bank overdraft facilities may be drawn at any time. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2013: 5 years).

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

GROUP – 2014	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-%	5,642	-	-	-	5,642
GST payables	-%	798	-	-	-	798
Interest-bearing – variable						
Bank loans	4.45%	2,480	3,835	89,353	-	95,668
Interest-bearing – fixed rate						
Bank loans	4.46%	1,349	-	-	-	1,349
Total non-derivatives		10,269	3,835	89,353	-	103,457
DERIVATIVES						
Interest rate swaps net settled	2.38%	-	24	-	-	24
Total derivatives		-	24	-	-	24

GROUP – 2013	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	REMAINING CONTRACTUAL MATURITIES $'000
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-%	1,355	-	-	-	1,355
GST payables	-%	1,153	-	-	-	1,153
Interest-bearing – variable						
Bank loans	6.91%	7,400	7,400	117,000	-	131,800
Interest-bearing – fixed rate						
Preference shares	15.00%	-	-	110,728	-	110,728
Total non-derivatives		9,908	7,400	227,728	-	245,036
DERIVATIVES						
Interest rate swaps net settled	3.73%	-	-	1,244	-	1,244
Total derivatives		-	-	1,244	-	1,244

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Note 36. Key management personnel disclosures

Note 36. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	GROUP	
	2014 $	2013 $
Short-term employee benefits	2,560,193	2,362,898
Post-employment benefits	79,084	68,102
Long-term benefits	25,519	25,009
Share-based payments	12,111	-
	2,676,907	2,456,009

In addition to the above, a transaction completion incentive of $100,000 was awarded to Wayne Castle for additional responsibilities undertaken in respect of the APO listing.

On 9 September 2014 500,000 shares were issued to the Chairman, Doug Flynn at an issue price of $1.00. On 18 November 2014 the Company listed on the Australian Stock Exchange and further shares were issued to new shareholders at an issue price of $2.55.

Other information in relation to key management personnel is included in the Remuneration Report.

ELITE SCREENS_PERTH AIRPORT_PERTH

Note 37. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its network firms:

	GROUP	
	2014 $	2013 $
AUDIT SERVICES – PRICEWATERHOUSECOOPERS		
Audit or review of the financial statements	296,049	128,000
OTHER SERVICES – PRICEWATERHOUSECOOPERS		
Investigating Accountants' Report and review of forecast for Initial Public Offering	972,120	-
Audit of revenue certificates for landlords	16,126	11,628
Audit of May 2012 acquisition balance sheet	-	22,000
	988,246	33,628
	1,284,295	161,628
AUDIT SERVICES – PWC NEW ZEALAND		
Audit or review of the financial statements	-	34,447
OTHER SERVICES – PWC NEW ZEALAND		
Audit of revenue certificates for landlords	4,968	12,655
	4,968	47,102

Audit fees in 2014 are significantly higher than 2013 due to increased disclosures and audit scope for our December full year report which reflects listed company requirements as well as a review of the June 2014 half-year report and the NZ statutory audit being performed by PricewaterhouseCoopers Australia.

Note 38. Contingent liabilities

The Group has given bank guarantees as at 31 December 2014 of $14,449,767 (2013: $16,529,620) to various landlords.

Note 39. Commitments

	GROUP 2014 $'000	GROUP 2013 $'000
CAPITAL COMMITMENTS		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	9,058	15,084
LEASE COMMITMENTS – OPERATING		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	97,014	97,143
One to five years	194,077	257,534
More than five years	76,085	94,719
	367,176	449,396

CROSS TRACK_SOUTH YARRA_MELBOURNE

Note 40. Related party transactions

Parent entity
APN Outdoor Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 42.

Key management personnel
Disclosures relating to key management personnel are set out in note 36 and the remuneration report in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	GROUP	
	2014 $	2013 $
Sale of goods and services:		
Sale of goods to entity with significant influence	193,777	428,393
Payment for goods and services:		
Payment for financial support services from entity with significant influence	30,905	384,491
Payment for other expenses:		
Interest paid to shareholders on preference shares	4,951,080	9,245,754

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	GROUP	
	2014 $	2013 $
Current receivables:		
Trade receivables from entity with significant influence	-	4,816
Current payables:		
Trade payables to entity with significant influence	-	32,041

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Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	GROUP	
	2014 $	2013 $
Current receivables:		
Loan receivable from shareholder (Note 12)	-	40,000,000
Non-current receivables:		
Loans to management shareholders (Note 17)	-	3,965,969
Non-current borrowings:		
Preference shares issued to shareholders (Note 24)	-	64,400,000

Terms and conditions

Loan receivable from shareholder was not interest bearing. Loans to management shareholders were non-recourse and not interest bearing. Preference shares issued to shareholders attracted interest at the rate of 15% per annum.

Sale and purchase of goods and services were conducted on an arms-length basis.

Note 41. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	PARENT	
	2014 $'000	2013 $'000
Loss after income tax	(20,002)	(6,472)
Total comprehensive income	(20,002)	(6,472)

Statement of financial position

	PARENT	
	2014 $'000	2013 $'000
Total current assets	2	40,001
Total assets	266,842	210,461
Total current liabilities	(10,206)	(5,490)
Total liabilities	74,915	65,394
Equity		
Issued capital	222,334	115,485
Redeemable convertible preference shares	-	40,000
Reserves	13	-
Accumulated losses	(30,420)	(10,418)
Total equity	191,927	145,067

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has provided a guarantee in relation to the debts of one of its subsidiaries as at 31 December 2014 and 31 December 2013.

Contingent liabilities

The parent has provided bank guarantees to various landlords of $14,449,767 (2013:$0) as at December 2014. Bank guarantees in 2013 were provided by a subsidiary under the previous financing facilities.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as a December 2014 and December 2013.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 42. Interests in subsidiaries

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

		OWNERSHIP INTEREST	
	PRINCIPAL PLACE OF BUSINESS /	2014	2013
NAME	COUNTRY OF INCORPORATION	%	%
APN Outdoor Group Limited	Australia	100%	100%
APNO Group Holdings Pty Limited	Australia	100%	100%
APNO Finance Pty Limited	Australia	100%	100%
APN Outdoor Pty Limited	Australia	100%	100%
Eastcott Investments Pty Limited	Australia	100%	100%
Cody Link Pty Limited	Australia	100%	100%
Valtoff Pty Limited	Australia	100%	100%
Everfact Pty Limited	Australia	100%	100%
Everfact Unit Trust	Australia	100%	100%
APN Outdoor (Trading) Pty Limited	Australia	100%	100%
Adspace Pty Limited	Australia	100%	100%
TMS Outdoor Advertising Pty Limited	Australia	100%	100%
Nettlefold Outdoor Advertising Unit Trust	Australia	100%	100%
Nettlefold Advertising Pty Limited	Australia	100%	100%
National Outdoor Advertising Pty Limited	Australia	100%	100%
Buspak Advertising Group Pty Limited	Australia	100%	100%
Total Cab Media Pty Limited	Australia	100%	100%
Universal Outdoor Pty Limited	Australia	100%	100%
TaxiMedia Pty Limited	Australia	100%	100%
SOL Australia Pty Limited	Australia	100%	100%
Australian Posters Pty Limited	Australia	100%	100%
The Australasian Advertising Company Pty Limited	Australia	100%	100%
GSP Print Pty Limited	Australia	100%	100%
APN Outdoor Holdings (NZ) Limited	New Zealand	100%	100%
APN Outdoor Limited	New Zealand	100%	100%

Notes to the financial statements

Note 43. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

APN Outdoor Group Limited
APNO Group Holdings Pty Limited
APN Outdoor (Trading) Pty Limited
Australian Posters Pty Limited
Buspak Advertising Group Pty Limited
APNO Finance Pty Limited
APN Outdoor Pty Limited
Eastcott Investments Pty Limited
Cody Link Pty Limited
Valtoff Pty Limited
Everfact Pty Limited
Universal Outdoor Pty Limited
TaxiMedia Pty Limited
SOL Australia Pty Limited
GSP Print Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by APN Outdoor Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of comprehensive income and statement of financial position of the 'Closed Group'.

ELITE SCREENS_ALL TRAFFIC EXIT GANTRY_PERTH

Set out below is a consolidated statement of comprehensive income and statement of financial position of the 'Closed Group'.

STATEMENT OF COMPREHENSIVE INCOME	2014 $'000	2013 $'000
Revenue	229,973	209,528
Other income	1,120	1,403
Raw materials and consumables used	(8,242)	(8,428)
Sales and marketing expense	(21,481)	(17,802)
Production and installation costs	(16,574)	(16,805)
Employee benefits expense	(28,789)	(25,994)
Rental of advertising space	(100,242)	(97,573)
Depreciation and amortisation expense	(9,162)	(8,901)
IPO transaction costs	(11,859)	-
Onerous lease	(4,472)	-
Other expenses	(17,369)	(14,295)
Finance costs	(30,457)	(20,928)
PROFIT/(LOSS) BEFORE INCOME TAX (EXPENSE)/BENEFIT	(17,554)	205
Income tax (expense)/benefit	4,326	(321)
LOSS AFTER INCOME TAX (EXPENSE)/BENEFIT	(13,228)	(116)
OTHER COMPREHENSIVE INCOME		
Cash flow hedges transferred to profit or loss, net of tax	872	-
Net change in the fair value of cash flow hedges taken to equity, net of tax	(17)	393
Foreign currency translation	470	1,487
Other comprehensive income for the year, net of tax	1,325	1,880
Total comprehensive income for the year	(11,903)	1,764

EQUITY - RETAINED PROFITS	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	2,122	2,239
Loss after income tax (expense)/benefit	(13,228)	(116)
Retained profits/(accumulated losses) at the end of the financial year	(11,106)	2,123

Notes to the financial statements

STATEMENT OF FINANCIAL POSITION	2014 $'000	2013 $'000
CURRENT ASSETS		
Cash and cash equivalents	7,721	9,222
Trade and other receivables	73,348	60,160
Inventories	585	876
Income tax asset	182	-
Other	6,386	47,441
	88,222	117,699
NON-CURRENT ASSETS		
Investment properties	8,706	8,767
Property, plant and equipment	64,401	61,533
Intangibles	196,379	198,034
Deferred tax	8,284	3,661
Other	-	3,966
	277,770	275,961
Total assets	365,992	393,660
CURRENT LIABILITIES		
Trade and other payables	25,013	18,545
Borrowings	-	6,268
Income tax	-	2,276
Employee benefits	1,734	693
Provisions	851	-
Other	481	343
	28,079	28,125
NON-CURRENT LIABILITIES		
Borrowings	85,121	159,370
Derivative financial instruments	24	-
Deferred tax	32,907	35,660
Employee benefits	288	189
Provisions	2,934	-
Other	3,389	12,024
	124,663	207,243
Total liabilities	152,742	235,368
Net assets	213,250	158,292

STATEMENT OF FINANCIAL POSITION	2014 $'000	2013 $'000
EQUITY		
Issued capital	222,334	115,485
Redeemable convertible preference shares	-	40,000
Reserves	2,022	684
Retained profits/(accumulated losses)	(11,106)	2,123
Total equity	213,250	158,292

Note 44. Events after the reporting period

Apart from the dividend declared as disclosed in note 34, no other matter or circumstance has arisen since 31 December 2014 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.

Note 45. Earnings per share

	GROUP	
	2014 $'000	2013 $'000
Profit/(loss) after income tax attributable to the owners of APN Outdoor Group Limited	(12,249)	293
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	166,614,509	166,614,509
Adjustments for calculation of diluted earnings per share: Options over ordinary shares	-	943,940
Weighted average number of ordinary shares used in calculating diluted earnings per share	166,614,509	167,558,449
	CENTS	CENTS
Basic earnings per share	(7.35)	0.18
Diluted earnings per share	(7.35)	0.17

As the Group listed late in the 2014 calendar year we have presented earnings per share above assuming that the capital structure in place at IPO was in place for current and comparative years.

Note 46. Share-based payments

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

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

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
18/11/2014	31/12/2017	$2.55	-	943,940	-	-	943,940
			-	943,940	-	-	943,940

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
18/11/2014	31/12/2017	$2.55	$2.55	25.00%	3.82%	2.88%	$0.377

Directors' declaration

31 DECEMBER 2014

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 43 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Doug Flynn
Chairman

26 February 2015 | Sydney

Independent auditor's report to the members of APN Outdoor Group Limited

Report on the financial report

We have audited the accompanying financial report of APN Outdoor Group Limited (the company), which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for APN Outdoor Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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

Auditor's opinion

In our opinion:

(a) the financial report of APN Outdoor Group Limited is in accordance with the *Corporations Act 2001,* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 20 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of APN Outdoor Group Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D Wiadrowski

David Wiadrowski
Partner

Sydney
26 February 2015

Shareholder information

31 DECEMBER 2014

The shareholder information set out below was applicable as at 16 February 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES	NUMBER OF HOLDERS OF OPTIONS OVER ORDINARY SHARES
1 to 1,000	24	-
1,001 to 5,000	360	-
5,001 to 10,000	254	-
10,001 to 100,000	143	1
100,001 and over	40	3
	821	4
Holding less than a marketable parcel	-	-

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Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES	
		% OF TOTAL SHARES
	NUMBER HELD	ISSUED
J P MORGAN NOMINEES AUSTRALIA LIMITED	33,982,051	20.40
NATIONAL NOMINEES LIMITED	25,886,909	15.54
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	13,636,237	8.18
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,295,079	6.78
QUADRANT PRIVATE EQUITY NO. 3D PTY LTD	10,539,782	6.33
QUADRANT PRIVATE EQUITY NO. 3A PTY LTD	9,702,546	5.82
CITICORP NOMINEES PTY LIMITED	6,668,216	4.00
BRISPOT NOMINEES PTY LTD	5,970,792	3.58
QUADRANT PRIVATE EQUITY NO. 3C PTY LTD	5,868,475	3.52
UBS NOMINEES PTY LTD	5,383,817	3.23
NATIONAL NOMINEES LIMITED	4,160,283	2.50
QPE NO.3 LP PTY LTD	3,980,525	2.39
BNP PARIBAS NOMS PTY LTD	3,704,081	2.22
QUADRANT PRIVATE EQUITY NO. 3B PTY LTD	3,231,573	1.94
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,457,201	1.47
RICHARD HERRING	1,943,455	1.17
UBS NOMINEES PTY LTD	1,349,363	0.81
SMALLCO INVESTMENT MANAGER LTD	1,196,327	0.72
AMP LIFE LIMITED	1,126,969	0.68
ANDREW HINES	728,796	0.44
	152,812,477	91.72

Unquoted equity securities

There are no unquoted equity securities.

APN OUTDOOR

Shareholder information

31 DECEMBER 2014

Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
		% OF TOTAL SHARES
	NUMBER HELD	ISSUED
Quadrant Private Equity No. 3 Fund	33,322,901	20.00
Perpetual Limited and subsidiaries	20,202,291	12.13
National Australia Bank and its associated entities	16,874,627	10.13
JCP Investment Partners	11,764,706	7.06
Paradice Investment Management Pty Ltd	10,171,915	6.11
AustraliaSuper Pty Ltd	9,164,614	5.50

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

CLASS	EXPIRY DATE	NUMBER OF SHARES
Ordinary shares	Escrow arrangements prevent the Quadrant Funds (Quadrant) from disposing of these shares until the company's December 2014 full year results are released to ASX. However, Quadrant is permitted to dispose up to 50% of these shares (in one or more transactions) if both the following are satisfied: (1) the company has released its December 2014 full year results to the ASX and (2) VWAP in any 10 consecutive trading following release of those results is at least 20% higher than the offer price of $2.55. Additionally, Quadrant is permitted to dispose up to 100% of these shares (in one or more transactions) if both the following are satisfied: (1) the company has released its June 2015 half year results to the ASX and (2) VWAP in any 10 consecutive trading days following release of those results is at least 20% higher than the offer price of $2.55.	33,322,901
Ordinary shares	Escrow arrangements prevent management shareholders from disposing of these shares until the company's December 2015 full year results are released to ASX.	4,143,979
		37,466,880

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