APN Outdoor Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	APN Outdoor Group Limited
ABN:	57155848589
Reporting period:	For the year ended 31 December 2015
Previous period:	For the year ended 31 December 2014

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	20.0%	to	300,820
Profit from ordinary activities after tax attributable to the owners of APN Outdoor Group Limited	up	435.1%	to	41,049
Profit for the year attributable to the owners of APN Outdoor Group Limited	up	435.1%	to	41,049

Comments
The profit for the Group after providing for income tax amounted to $41,049,000 (31 December 2014: loss of $12,249,000).

3. Net tangible assets

	2015 Cents	2014 Cents
Net tangible assets per ordinary security	15.15	1.42

4. Dividends

Current period
On 17 April 2015 APN Outdoor Group Limited paid a special, fully franked dividend of 1.0 cent per ordinary share ($1,666,145).

On 21 September 2015 APN Outdoor Group Limited paid an interim, fully franked dividend of 4.5 cents per ordinary share ($7,497,653).

On 22 February 2016 the Board recommended the payment of a final, fully franked dividend of 11.0 cents per share ($18,327,596). Proposed dividends on ordinary shares are not recognised as a liability as at 31 December 2015. This dividend will be paid on 22 April 2016.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

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6. Attachments

The 2015 Annual Report of APN Outdoor Group Limited for the year ended 31 December 2015 is attached.

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7. Signed

Doug Flynn
Chairman
Sydney

Date: 22 February 2016

APN Outdoor Group Limited

ABN 57155848589

2015 Annual Report - 31 December 2015

APN Outdoor Group Limited
Corporate Directory
31 December 2015

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
Company secretary	Wayne Castle
Notice of annual general meeting	The details of the Annual General Meeting of APN Outdoor Group Limited are: APN Outdoor Group Head Office Level 4 33 Saunders Street Pyrmont NSW 2009 11:00 am on 27 April 2016
Registered office and 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
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	http://investors.apnoutdoorcorporate.com/

APN Outdoor Group Limited
Chairman's Letter
31 December 2015

Dear Shareholder,

I am pleased to be able to present the 2015 results for APN Outdoor Group Limited (APN Outdoor) to our shareholders. In our first full year as an ASX listed entity, the results achieved by the business exceeded those outlined in our Prospectus, with strong revenue and earnings growth. The business strategy executed by management over the last few years is delivering consistent multiyear growth and providing positive momentum for APN Outdoor.

In 2015 APN Outdoor grew share in a strongly growing market. The operational leverage shone through in those circumstances.

Revenue of $300.8m in 2015 represented an increase of 20% over the prior year and exceeded the Prospectus forecast by $29.3m. Pro forma EBITDA of $73.3m also exceeded the Prospectus and was ahead of the previous year by 62%. We also saw improvement in other key financial indicators including EBITDA margin expansion from 18.1% to 24.4% and NPATA growth of 82.8% on the previous year.

A fully franked final dividend of 11.0 cents per share has been approved by the Board.

Consumers media attention is collectively and individually increasingly fragmented. There is no predicted end to that trend. One constant which remains is that Out of Home advertising is presented to an ever increasing audience. Added to that consistent presence has been the very considerable advertiser and consumer benefit of APN Outdoor's investment in quality digital screens. The response from advertisers to the availability of digital outdoor is not the whole story, where revenue from static panels grew at a low single digit rate despite a small decline in the number of panels, and similarly transit performed creditably well.

We have established and maintained a leadership position with large format digital screens through our Elite screen product, adding 18 further prestigious locations to our portfolio in Australia. We have created a new national network by adding our highly successful XtrackTV product into the Brisbane and Adelaide markets and we have acquired some strategic asset portfolios in both Australia and New Zealand. The company is an industry leader through ground breaking research initiatives such as 'The Attention Economy' and 'My Real World'. The delivery of our strategy continues to be supported by operational excellence. We are pleased that the effort of our sales team was recognised through the award of the Media's National Sales team of the Year in the Media I awards.

The commencement of 2015 was marked by the successful bid for the expanded Sydney Airport Outdoor advertising contract. This was followed by a major project of transforming the Airport precinct with a refreshed vision of world leading Outdoor panels and screens. 'The Aviator' was constructed at the entrance to the domestic terminal precinct and showcases the latest in high resolution screen technology in its largest format – a true Sydney landmark.

Your Board members have been diligent in establishing an appropriate corporate governance framework and relationship with management. The board has provided support and encouragement to the management team to execute our agreed strategy and we are very encouraged by the executional capabilities demonstrated by management and the results they have achieved.

I would also like to thank the management team and staff of APN Outdoor for an outstanding year both in results and the way they were delivered.

At this early stage in the new year the market continues to show positive fundamentals, and together with a continuation of our strategy, we should look forward to another positive year.

Doug Flynn, Chairman

22 February 2016

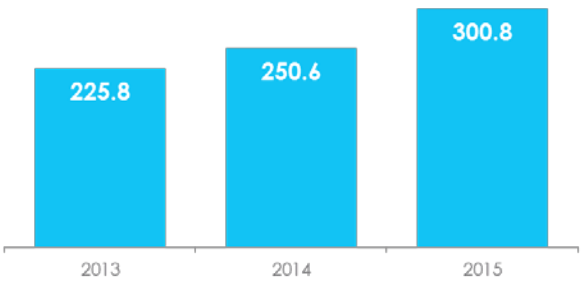
Key Highlights

2015 heralded APN Outdoor Group Limited's first full year as a publicly listed company on the ASX. Following our successful listing in November 2014, the business maintained its focus on its strategy and realised the benefits gained through investment in new products, contract wins, targeted acquisitions and operational excellence. Our businesses in Australia and New Zealand both performed exceptionally well and were driven by similar dynamics. We remain confident that our strategy is robust and able to provide sustainable growth into the future.

Financial Highlights

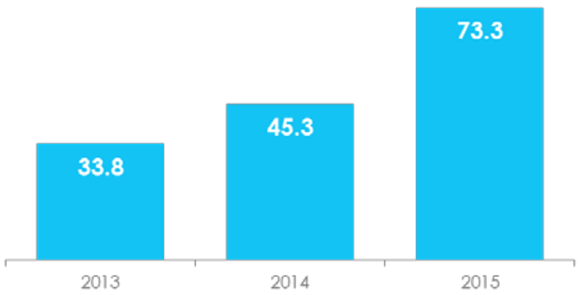
Revenue Growth – pro forma

- up 20% ($50.2m) on prior year
- above Prospectus forecast by 11% ($29.3m)



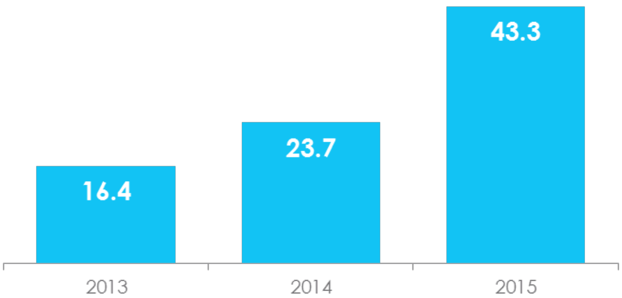
EBITDA Growth – pro forma

- up 62% ($28.0m) on prior year
- above Prospectus forecast by 37% ($19.6m)



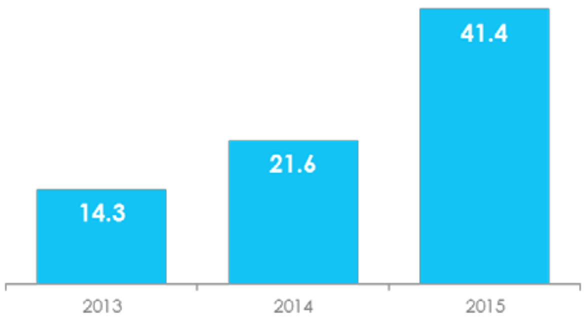
NPATA Growth – pro forma

- up 83% ($19.6m) on prior year
- above Prospectus forecast by 53% ($15.0m)



NPAT Growth – pro forma

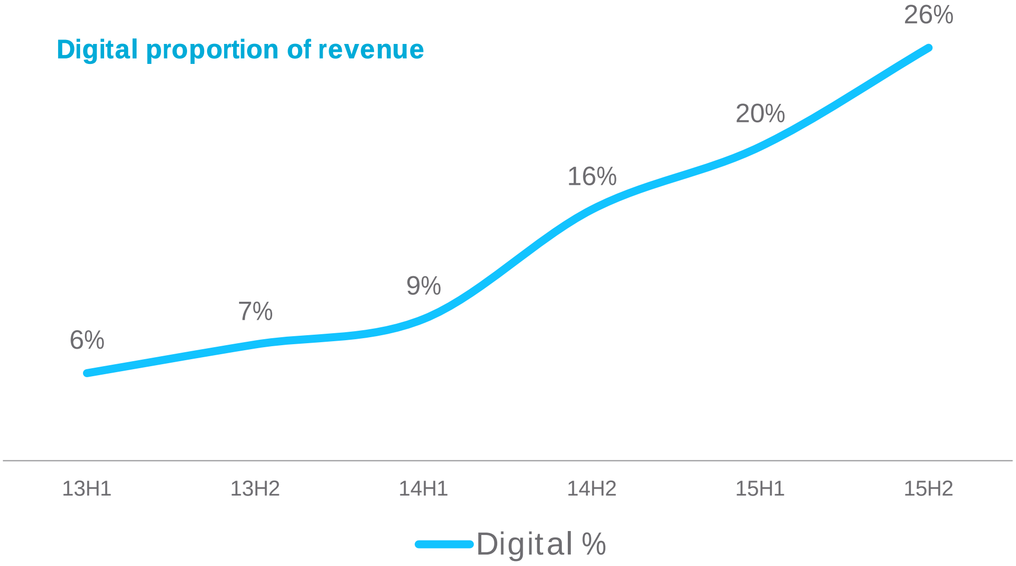
- up 91% ($19.8m) on prior year
- above Prospectus forecast by 58% ($15.2m)



Operational Highlights

Growth in Digital

- Enhanced our clear leadership position in large format digital billboards (Elite screens)
- An additional 18 Elite screens were added in Australia during the year
- 52 Elite screens were active at the end of 2015
- Digital revenues generated 26% of all revenues in the second half of 2015



Geographic Expansion

Completed three acquisitions providing geographic depth to our current portfolio with good digital conversion prospects

XtrackTV Expansion

Expanded our highly successful new product, XtrackTV into the Brisbane and Adelaide markets

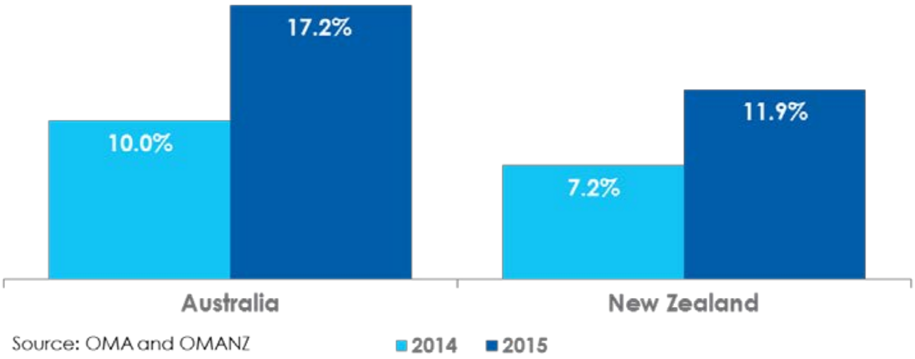
Airport Renewal

Renewed and expanded one of Australia's largest Outdoor contracts at Sydney Airport

Business Review

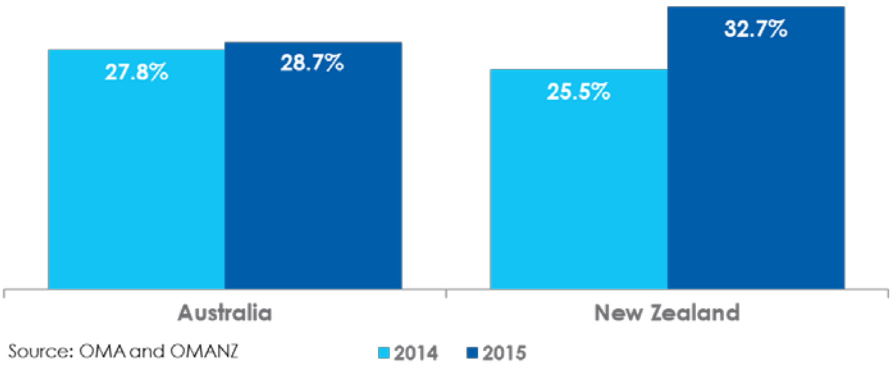
APN Outdoor is a leading trans-Tasman Outdoor advertising business. Our focus in both markets is on scale and quality in the metropolitan areas of the major cities.

Market Growth



Both the Australian and New Zealand Outdoor advertising markets enjoyed solid growth in 2015. The Australian market increased by 17.2% and the New Zealand market by 11.9%. The industry continues to benefit from increasing audiences due to natural population growth, expanded urbanisation and increased travel habits. The investment in new products, specifically digital screens, has added to the attractiveness to advertisers by offering a broader rationale for inclusion in media plans.

Market Share



APN Outdoor's market share grew in both markets due to a combination of factors including new product investment, contract wins, acquisitions and operational improvements.

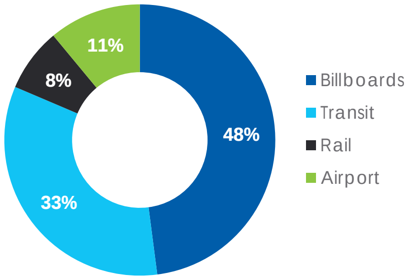
Achieving share growth in a competitive market is particularly pleasing and will continue to remain a measure of our overall performance.

Outdoor Category Leadership

APN Outdoor is active in the primary categories of Outdoor advertising being Billboards, Transit, Airports and Rail. Our aim is to achieve and maintain the leadership position in all of these categories.

$ millions	2015	2014	Growth $	Growth %
Billboards	**143.9**	122.9	*21.0*	*17%*
Transit	**101.0**	91.7	*9.3*	*10%*
Rail	**22.8**	16.2	*6.6*	*41%*
Airport	**33.1**	19.8	*13.3*	*67%*
Total	**300.8**	250.6	*50.2*	*20%*

Revenue by category - 2015



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. Of equal importance to the quality of these panels to advertisers is the national balance to ensure equal audience penetration across the Australian and New Zealand markets. Digital billboards are primarily high definition LED screens, enabling the advertiser's creative to be transmitted remotely. While much of the attention is on digital billboards, our quality static billboards have performed well, with year on year revenue growth.

Transit

We hold contracts providing bus and tram advertising to the vast majority (over 90%) of fleet operators around Australia in all capital cities. This places the company in a strong leadership position within the Transit space. This category includes panels on the outside of trams and buses as well as panels internally.

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 successfully launched in October 2014 and consists of high quality LED screens positioned across the track from the platform reaching the waiting passengers. XTrackTV has the added benefits of full video and audio transmission.

Airports

APN Outdoor holds a leadership position with a comprehensive trans-Tasman airport advertising portfolio with contracts in Sydney, Brisbane, Perth, Canberra, Auckland and Christchurch airports. High profile static sites and digital screens dominate these precincts. The panels and screens are located in a combination of externally and within the airport terminals. The Airport audience is highly sought after by advertisers.

Financial performance and position

The outstanding financial result for the 2015 year is a product of a number of years of sustained business initiatives designed to deliver growth. These vary from investment in digital screens, strategic acquisitions and contract wins, but also include a knowledgeable, experienced and consistent management team whose ability to execute our growth plans is unequalled.

The information below is presented on a pro forma basis unless otherwise stated.

$ millions	2015	2014	Growth $	Growth %
Revenue	**300.8**	250.6	*50.2*	*20%*
EBITDA	**73.3**	45.3	*28.0*	*62%*
EBITDA margin	***24.4%***	*18.1%*		
NPATA	**43.3**	23.7	*19.6*	*83%*
NPAT *(statutory)*	**41.0**	(12.2)	n/a	n/a
EPS – diluted *(based on NPATA)*	***26.0 cents***	*14.1 cents*	*11.9 cents*	*84%*
Net debt | EBITDA	***0.8x***	*1.7x*		

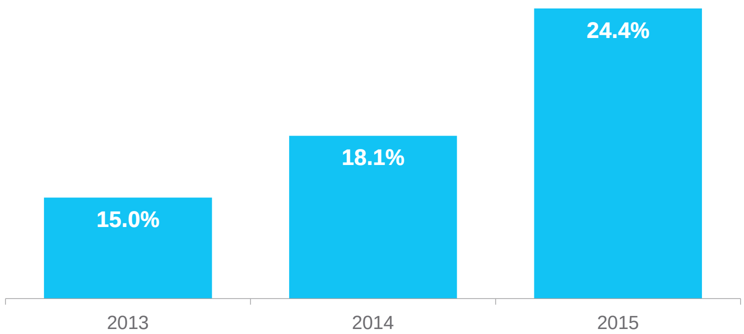
Pro forma results included in the financial summary above exclude IPO and other non-recurring costs and also reflect interest based on the capital structure of the Company post listing on the ASX in November 2014.

Overhead costs of $41.5m were 6% above the previous year. 2015 activities included additional investments in sales and marketing roles as well as new growth orientated roles.

The NPATA of $43.3m was up 83% on the prior year and was an exceptional result.

Total dividends paid or payable in respect of the 2015 year amount to 15.5 cents per share and are in excess of the Prospectus forecast of 10.0 cents per share.

EBITDA Margin

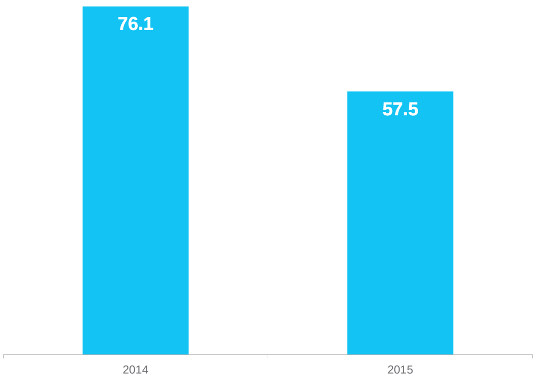


Group revenue increased 20% year on year with an increased mix of digital revenues assisting our EBITDA margin to 24.4% (2014: 18.1%).

Capital Management

Our business model generates strong cash flows. In 2015 operating cash flows funded investment activities, dividends and debt reduction. At the end of the financial year rent due on 4th January 2016 was prepaid. Taking this into account, cash conversion for the year was 92%.

Group Net Debt ($million)



During the year net debt was reduced by $18.6m to $57.5m (excluding unamortised borrowing costs). Our net debt to EBITDA ratio reduced from 1.7x to 0.8x during the year. At 31 December 2015, we had $55m of funding available from undrawn banking facilities and cash

Sales and Marketing

We continued to improve both our trade marketing and sales efforts throughout 2015, through reviews of organisational structure, systems and execution.

Our Marketing team unveiled some key initiatives designed to improve the product knowledge and insights into consumers' interactions with our products to drive better decisions and ultimately drive better outcomes and results for advertisers.

The Attention Economy

The Attention Economy was the largest research study of its kind ever carried out within the Outdoor industry in Australia and New Zealand. The research piece uncovered how audiences in nine major metropolitan trans-Tasman markets move, think, feel and respond to Outdoor advertising.

With a sample size of more than 6,600, APN Outdoor partnered with Millward Brown, one of the world's most respected brand, media and communications research consultancies, to carry out the study across both Australia and New Zealand.

My Real World

'My Real World' is an exposition of candid research and insights drawn from real life, real time studies of Transit advertising and its audiences.
The study delves deeply into what transit media means to Australians within their personal spheres of existence and what sorts of action this personal connection elicits.

Our sales team was recognised in late 2015 in the prestigious Media I Awards as the best National media sales team adjudged against all media sales team peers.

Future Focus and Strategy

The sustainable growth of our business will rely on continuing to leverage multiple path opportunities. Although growing audiences will remain a positive driver for the industry and our business, our ability to execute our digital transformation programme, acquire appropriate compatible businesses and retain key contracts will provide the core to our future success. Whereas technology remains the key disrupter to main media, Outdoor is set to continue to take advantage of the changing landscape. We believe that APN Outdoor is uniquely positioned to benefit from the opportunity to integrate and apply new technologies into new products, while our existing products will continue to provide advertisers with bespoke connections to a growing, active, Out of Home audience

Digital Screens	Organic	Acquisitions
• Invest in targeted premium digital screen locations • Promote attributes to encourage new advertisers and broader usage • Maintain clear leadership position in digital Billboards	• Retain existing contracts on favourable terms • Win new contracts within strategic category scope • Leverage existing contracts to upgrade panel quality	• Complement existing category base • Quality assets representing value • Provide geographic depth and balance • Provide strong digital prospects

Digital Screens

Supporting our strategic intent, APN Outdoor accelerated its investment in new products, particularly digital screens.

APN Outdoors' digital opportunities include:

- Digital conversion and new installation of other digital formats
- Greenfield development of new large format digital sites;
- Conversion of static advertising panels to digital screens; and
- Mobile and outdoor connectivity

Advertisers are continually seeking innovative ways to reach their customers and usage of digital screens is growing in popularity due to the creative flexibility that they provide. It is attracting new advertisers to our media as well as broadening our inclusion by existing advertisers who wish to take advantage of the features digital offers.

Our Elite screen portfolio was extended by 18 during 2015, but of particular importance was maintaining the highest quality locations as well as providing a balanced National coverage. Previously, the Sydney market (the largest market) was under penetrated for digital screens, but our focus on this market resulted in developing 9 screens in high traffic locations. This reinforces our reputation of being the premium supplier of Elite screens in Australia and New Zealand.

Elite Screens	Dec 2015	Dec 2014	2015 Builds
Sydney	**14**	5	9
Melbourne	**11**	8	3
Brisbane	**9**	8	1
Adelaide	**5**	2	3
Perth	**5**	3	2
New Zealand	**8**	8	-
Total	**52**	34	18

Advertiser support has been very positive and digital revenues represented 26% of our total revenues in the second half of FY15, up from 16% in the same period of the previous year. As the year progressed, more examples of advertisers using Elite screens due to their core attributes increased, with some of Australia's largest retailers using them for short term 'price and item' promotion – previously less achievable in traditional Outdoor products.

Following the successful launch of our XTrackTV product, we invested in broadening the geographic footprint to include the Brisbane and Adelaide rail commuter markets. This broader audience reach and more established position in the market was well received by advertisers who continue to increase their demand for a premium format in which they could utilise their full motion advertising content.

The XTrackTV audience is keenly sought after by advertisers due to its unique demographic and socioeconomic profile and who are reached in a captured environment with a more attentive mindset to messaging.

As exclusive providers of this product, we will continue to explore further expansion of markets and develop functionality designed to enable a deeper connectivity with consumers for advertisers.

Organic

A key attribute of APN Outdoor's business is our ability to renew our key contracts and win targeted contracts.

The key contract for Outdoor advertising rights at Sydney Airport was tendered and attracted high attention from several Outdoor businesses. APN Outdoor has enjoyed a long relationship with Sydney Airport managing terminal 1 and all external rights to their Outdoor advertising portfolio. In addition, the tender included the internal panels at terminal 2 which were not part of our portfolio. Early in 2015 we were awarded the entire contract, with the vision of building a world class airport advertising portfolio utilising the latest and best digital technology extensively.

Throughout the year we upgraded 585 panels and built 60 new panels to transform the precinct into a leading example of Airport outdoor advertising.

Our primary Transit contract in Perth was also successfully renewed with the Perth Transport Authority.

Acquisitions

Our acquisition strategy is to target selected businesses which are compatible with our market and category positioning and plans. Three asset acquisitions were completed during 2015 each adding depth and geographic breadth to our existing portfolio and providing opportunities to convert select static panels into Elite screens. Each has been integrated into our business seamlessly and are already providing a positive financial contribution. The company only considers acquisitions if they meet stringent return criteria and contribute to our overall strategy.

Managing the risks to our strategy

It is acknowledged that management of the business risks is a critical exercise as part of the businesses operations and the Audit and Risk Committee members and Management have identified the following as being the most relevant risks to the business achieving its operational and financial targets.

Risk	Response
Advertising revenues can be impacted by changing economic conditions	Historically the outdoor advertising industry has outperformed the advertising industry as a whole and has continued to grow strongly in 2015. Out of Home advertising is forecasted to continue on the growth trajectory. With a premium asset base owned and operated by APN Outdoor we believe our exposure to downward market trends is mitigated.
Inability to retain key contracts and sites on favourable terms	APN Outdoor are disciplined in its approach to contract renewals and have a proven track record of successful and economically viable contract renewals.
Government regulation of outdoor advertising	APN Outdoor has extensive experience in dealing with regulatory authorities and is committed to complying with all legislation and guidelines.
Reliance of Key Management Personnel	We provide a motivating environment for key managers through the setting of clear objectives, providing feedback and recognition. We actively maintain and discuss succession planning to mitigate the risk of unforeseen changes in management.

Environmental, Social and Governance Responsibilities

At APN Outdoor we have a primary focus on our obligations to create shareholder value. However we understand beyond this objective we also have ongoing responsibilities to:

- Our People
- Our Industry; and
- Our Community as a whole.

Our commitment to these three groups underpins our business operations and what we do on a daily basis. We understand that being a good corporate citizen and a contributor both to the community and our industry protects and enhances shareholder value both directly and indirectly and is important to our overall risk framework.

Our People

Our People and Our Spirit

APN Outdoor recognises that its people are its major asset. Its ability to attract, develop and retain the best personnel is important to the growth of the business. The scale of the business provides career opportunities for team members and further supports the ability to attract and retain the best talent available.

Everyone at APN Outdoor brings their own experience, ambition and unique personality to the job. A few things that we all have in common are professionalism, integrity, accountability, insight and spirit that underpin everything we do.

We run an annual Spirit Awards program to celebrate the team members who exemplify these behaviors and push themselves beyond their comfort zone.

We also encourage each and every team member to take a Spirit Day which is an extra day of annual leave to pursue a passion in the great outdoors.

Spirit Days do not only benefit our staff, but also contribute to our community. Last year our team members volunteered with not-for-profit organisations including Ted Noffs and raised money for Miracle Babies.

Workplace Health & Safety (WH&S)

At APN Outdoor, we take WH&S seriously. We have developed our own Work Health and Safety Injury Management System to ensure the health and safety of everyone in the APN Outdoor team, our sub-contractors and our visitors.

The Company's WH&S Committee meets monthly to review workplace health and safety matters where the Board is provided with regular reports on WHS matters. APN Outdoor has a dedicated WH&S manager and the WH&S committee includes the CEO, COO and CFO.

Ethical Business Practices

APN Outdoor has a zero tolerance approach to unethical business practices and this is reflected in the Code of Conduct issued to all staff on induction and included on our intranet.

We follow the standards as guided by the Advertising Standard Bureau (ASB) and the Australasian Association of National Advertisers (AANA).

Our Industry

Contributing to the Outdoor Industry

APN Outdoor is committed to driving the Outdoor industry forward and is constantly investing in research, innovation and cutting-edge digital developments to produce improved results for its advertisers. In order to ensure a strong contribution to the Industry, APN Outdoor has strategic alliances with a number of industry bodies, media partners and community organisations.

Examples of where we contribute to our industry include:

Outdoor Media Association (OMA)

The Outdoor Media Association – the national industry body – is vital to the growth of Outdoor advertising in Australia. It represents the majority of the country's outdoor advertising businesses, as well as creative material production facilities and media display asset owners.

As one of the largest members of the OMA, APN Outdoor plays an important role. Our Chief Executive Officer, Richard Herring, was Chairman of the OMA from 2011 to mid-2014 and was responsible for leading the Board in determining and developing strategy for the Outdoor industry. He remains a Director of the OMA.

Outdoor Media Association of New Zealand (OMANZ)

APN Outdoor is a member of the OMANZ, a not-for-profit professional industry body that represents New Zealand's major outdoor media display companies. The General Manager of our New Zealand business, Phil Clemas, is a member of the OMANZ Executive Board.

Measure of Outdoor Visibility and Exposure (MOVE)

APN Outdoor is a founding member and active supporter of MOVE. Launched in 2010, MOVE is Australia's first and only audience measurement system for Outdoor advertising.

Media Federation of Australia (MFA) and Next Generation (ngen)

The Media Federation of Australia (MFA) is the peak body representing media communication companies. Since APN Outdoor launched in 2004, we have been keen supporters of the MFA and their subsidiaries; the Next Generation (ngen) for professionals with less than five years' and the MFA 5 + program for the more experienced.

Media Partnerships

To celebrate all things happening outdoors, we sponsor organisations that celebrate this ethos with us. For over ten years, we have been major media partners with amongst others:

- Sydney Festival
- Sydney Opera House
- St. George Open Air Cinema

Australian Olympic Team Partnership

This partnership marks the first time the Australian Olympic Team (AOC) has joined forces with an Outdoor media provider and is indicative of the growth and anticipated trajectory of the medium. With people spending more time out and about and becoming more selective with the media they consume, Outdoor media provides a globally consumed platform that complements the universal appeal of the Olympic Games as well as the AOC's existing media partners. APN Outdoor and the AOC have engaged in a long term partnership that will carry through until the Tokyo Olympics in 2020, covering both Summer and Winter Games in this time. With plans to utilise the whole suite of APN Outdoor's formats, the focus will be predominantly on our digital inventory, covering

Elite screen billboards, XtrackTV and other areas of innovation within key outdoor environments. The reactivity, immediacy and flexibility of the digital inventory will allow the AOC a unique opportunity to connect with the public, in real-time when they are out and about, facilitating a conversation with Australians and their most elite sporting team.

Our Community

Environmental Responsibility

At APN Outdoor we care about the world around us and as such have established certain standards that promote the use of environmentally friendly processes and materials. At a minimum we ensure strict compliance with all Australian relevant legislation and regulations but expect more from our business.

Our environmental standards include the following:

- The use of LED technology in our Elite screens resulting in more efficient energy consumption
- The implementation of computer-to-screen technology to remove hazardous substances from our pre-press processes at our print business, GSP
- A focus on re-use and recycling where possible
- 90% of chemicals utilised at GSP in the pre-press area are recycled
- APN Outdoor has actively reduced PVC content in banners by more than 30%
- The ongoing monitoring and evaluation of our suppliers' impact on the environment

Corporate Social Responsibility

We are serious about supporting the communities we work in. Our Corporate Social Responsibilities program provides Outdoor media campaign support for NFPs like the Cerebral Palsy Alliance, Sydney Children's Hospital and the Australian Literacy and Numeracy Foundation. We also offer a significantly benevolent rate for registered charities to access our media platform.

Content Regulation

The content of advertisements is regulated at a Federal level, through a combination of industry self-regulation schemes and Federal laws concerning misleading and deceptive conduct. Although the content regimes apply to the displaying advertiser rather than APN Outdoor, the Company generally conducts internal review of advertisements prior to display in order to ensure compliance with the industry codes and seek recommendations from the Outdoor Media Association which reflects a relevant self-regulation policy.

Directors

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

Doug Flynn - Chairman
Pat O'Sullivan
Lisa Chung
Jack Matthews
Richard Herring

Principal activities

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

Dividends

On 17 April 2015 APN Outdoor Group Limited paid a special, fully franked dividend of 1.0 cent per ordinary share ($1,666,145).

On 21 September 2015 APN Outdoor paid an interim, fully franked dividend of 4.5 cents per ordinary share ($7,497,653).

On 22 February 2016 the Board recommended the payment of a final, fully franked dividend of 11.0 cents per share ($18,327,596). Proposed dividends on ordinary shares are not recognised as a liability as at 31 December 2015. This dividend will be paid on 22 April 2016.

Review of operations

The profit for the Group after providing for income tax amounted to $41,049,000 (31 December 2014: loss of $12,249,000).

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 3 to 11.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2015 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:	500,000 ordinary shares

Name:	Pat O'Sullivan
Title:	Independent non-executive Director
Qualifications:	Graduate of the Harvard Business School's Advanced Management Program. Chartered Accountant 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
Former directorships (last 3 years):	iSelect Limited, iiNet Limited
Special responsibilities:	Chair of Audit and Risk Management Committee and member of Remuneration and Nomination Committee (appointed 24 February 2015)
Interests in shares:	29,412 ordinary shares

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 was formerly a commercial property partner of law firms, Blake Dawson (now Ashurst) and 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. 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 or former directorships (last 3 years):	Nil
Special responsibilities:	Chair of Remuneration and Nomination Committee and member of Audit and Risk Management Committee (appointed 24 February 2015)
Interests in shares:	9,804 ordinary shares

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:	29,412 ordinary shares

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 APNO in 2004. Prior to this Richard held a variety of roles at Channel 9, Austereo, Network Ten & Ogilvy & Mather (London).
Other current directorships:	Director of Outdoor Media Association and MOVE
Former directorships (last 3 years):	Nil
Special responsibilities:	
Interests in shares:	1,943,455 ordinary shares
Interests in options:	396,477 options

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude 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

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2015, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended
Doug Flynn	8	8	2	2	4	4
Pat O'Sullivan	8	8	1	1	4	4
Lisa Chung	8	8	2	2	3	3
Jack Matthews	8	8	2	2	4	4
Richard Herring	8	8	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

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 November 2014	31 December 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 Group Limited.

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 2015 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 the 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 25 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 disclosed in note 25 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 undermines 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 partners of PricewaterhouseCoopers

There are no officers of the Company who are former 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.

Corporate Governance Statement

A copy of our Corporate Governance Statement can be found on our website at http://investors.apnoutdoorcorporate.com/Investor-Centre/?page=Corporate-Governance

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

22 February 2016
Sydney

Auditor's Independence Declaration

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

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

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

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

D Wiadrowski

David Wiadrowski
Partner

Sydney
22 February 2016

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

Dear Shareholder,

On behalf of the Board of Directors I am pleased to present APN Outdoor's remuneration report for the 2015 financial year.

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:

- Alignment of our executive pay with shareholder interests and wealth outcomes;
- Motivation of senior executive behaviour to execute the Company's strategy through an appropriate mix of fixed and variable pay elements;
- Delivery of a competitive remuneration framework that assists with attracting and retaining high calibre executive talent; and
- Provision of 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 policy is designed to reward for the execution of its strategy, which is 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 were as follows:

- Financial performance
- Workplace health & safety
- High performing people
- Strategy execution

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 and the experience of the individual fulfilling the position), short term incentive (to encourage and reward for individual outperformance against annual key performance indicators during the financial year) and a long term incentive (to drive long term sustainable growth and facilitate alignment between the senior executive team and the long term interests of shareholders).

Fixed remuneration is positioned at the median of listed organisations of a similar size and complexity to APN Outdoor (excluding financial services, resources, materials, energy and healthcare companies). 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 scheme designed to drive performance that is measured over a 12 month period, assesses executive performance relative to a set of predetermined KPIs that are linked to the Company strategy. The breadth of performance indicators is intended to ensure there is a strong link between business strategy, holistic company performance and incentive pay outcomes. These KPI's reflect APN Outdoor's strategy to deliver innovative solutions and capitalise upon growth markets.

For the 2015 financial year, the majority of the STI opportunity to senior executives was linked to financial performance indicators, namely revenue, EBITDA and NPAT, which remains consistent with the financial indicators and measures disclosed in the APN Outdoor Prospectus and which were applied to the STI plan upon listing on the ASX in November 2014. In 2015, revenue increased 20% to $300.8m, EBITDA increased 62% to $73.3m, and pro forma NPAT was $41.4m (2014: pro forma NPAT of $21.6m). These financial results were all recorded at stretch performance, whilst EBITDA performance was notably 36% above the Prospectus forecast. It is on this basis that the maximum STI payment for financial performance, which comprises 80% of the annual bonus opportunity, was awarded to senior executives in 2015.

The balance of the 2015 STI opportunity, of 20%, was linked to work health and safety, people and strategy KPIs. For reported key management personnel (KMPs), these were recorded at stretch performance. This assessment was determined based on an assessment of several factors including our safety record during the year, further improvements in Workplace Health and Safety governance systems, a full review of all HR policies, the rollout of 18 new large format digital panels and acquisition of earnings accretive assets from Roadside Attractions, Drive by Developments and Adspace Outdoor.

Reported key management personnel are also entitled to a grant of equity incentives under the long term incentive (LTI) plan. The value of annual LTI allocations is based on 35% of fixed remuneration. The Board has resolved to issue further options to the senior management team in March 2016.

It is the Board's intention to conduct a full review of KMP remuneration during the second half of 2016. This review will include external advice as appropriate and will include benchmarking against an appropriate comparator group as well as a review of the overall remuneration structure including the comparative weighting of fixed and at-risk elements.

APN Outdoor is committed to developing and communicating an effective remuneration framework that assists with retaining and motivating our senior executive team, and that supports the execution of our strategy to the benefit of long term value creation. As part of its commitment to Australian corporate governance best practice, the Board welcomes continual feedback from external stakeholders around its remuneration practices and disclosures.

Lisa Chung

Chair of Remuneration and Nomination Committee

Our detailed remuneration report (Audited)

This Remuneration Report for the year ended 31 December 2015 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 KMPs

(e) Contractual arrangements with executive KMPs

(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 performance-based pay. The performance-based pay components incorporate a balance of elements that reward executives for individual out performance against both short term and long term key performance indicators (KPIs) that are linked to the Company's strategy. The annual short term incentive opportunity for senior executives is set at a target of 30% (maximum of 60%) of fixed remuneration. It is designed to reward executives for their performance against KPIs that are specifically selected to drive performance without encouraging undue risk-taking. A deferral component is also included to assist with the retention. Long term incentives are assessed over a three year period and are designed to promote long term, sustainable, shareholder returns whilst facilitating the alignment of interests between senior executives and long term shareholders. The value of annual LTI allocations is intended to represent 35% of fixed remuneration.

Over time the Committee intends to move 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 annually and accounts for market movements and individual performance outcomes. There are no guaranteed fixed remuneration increases.	Fixed remuneration is targeted 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. The comparator group includes listed organisations of a similar size and complexity (excluding financial services, resources, materials, energy and healthcare companies). APN Outdoor does not typically source senior management roles from the excluded sectors noted above.	In 2015, the average increase to TFR for reported KMP was approximately 4%.
Short term Incentive (STI)			
STIs are annual bonuses based on performance over a 12 month period. STIs are designed to recognise and reward for performance against annual metrics, while providing a retention mechanism for senior executives through the deferral component.	The STI for 2015 included a more holistic assessment of performance. Performance metrics for 2015 KMP included: Financial (80%): • Revenue; • EBITDA; and • NPAT Non-financial (20%): • Workplace Health & Safety; • People; and • Strategy Performance against STI hurdles is assessed post financial year close. 80% of any STI award is delivered as cash. 20% of the 2015 short term incentive is deferred for a period of 12 months and will be satisfied by cash.	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 2015 STI structure includes a broader range of performance metrics.

Long-term Incentive (LTI)			
LTIs are long-term incentives designed to ensure alignment with shareholders through share ownership and are strictly performance based. 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 is measured against the ASX200 (excluding Financials and Resources).	Up to 35% of TFR	N/A

LTI vesting schedule

Relative TSR performance	Percentage of TSR options that vest	EPS performance	Percentage of EPS options that vest
• 50th percentile or less relative TSR growth	• 0%	• <6% EPS growth*	• 0%
• 51st percentile relative TSR growth	• 50%	• At 6% EPS growth*	• 30%
• 51st to less than 75th percentile relative TSR growth	• Pro-rata vesting between 50% and 100%	• 6%>16% EPS growth*	• Pro-rata vesting between 30% and 100%
• 75th percentile or greater relative TSR growth	• 100% vesting	• 16% or greater EPS growth*	• 100% vesting

* Compound annual growth rate

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

Assessment of performance

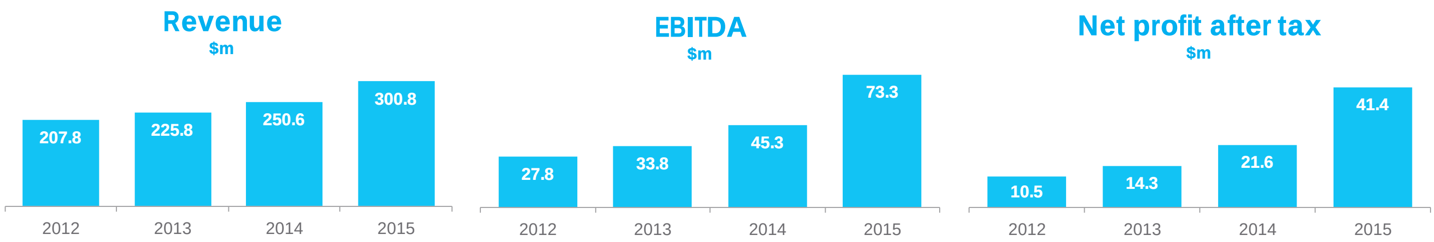
The CEO assesses each Senior Executive's performance considering actual outcomes relative to the agreed targets. Based on this assessment, the CEO makes a recommendation to the Remuneration Committee for Board approval of the amount of STI to award to each Senior Executive.

The Remuneration Committee assesses the actual performance of the Group and the CEO against the 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

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 increase / (decrease) in share price are not applicable. Key financial metrics over the last four years are shown below:



The above results are prepared on a pro forma basis.

Performance and impact on remuneration

In 2015 the revenue, EBITDA and NPAT Prospectus targets were all exceeded. NPAT and earnings per share both increased by 78% compared to the previous corresponding period. This was a very pleasing result and reflects the efforts and contributions of the executive KMP.

The balance of the 2015 STI opportunity, being 20%, was linked to work health and safety, people and strategy KPIs. For KMP, these were recorded at stretch performance. This assessment was determined based upon:

- Our safety record during the year including performance better than industry averages;
- Further improvements in Workplace Health and Safety governance systems;
- A full review of all Human Resources policies;
- The rollout of 18 new large format digital panels; and
- Acquisitions of earnings accretive assets from Roadside Attractions, Drive by Developments and Adspace Outdoor.

(d) Remuneration expenses for Directors and executive KMPs

Details of the Directors and executive KMPs remuneration for 2015 are set out in the table below.

2015	Fixed remuneration				Variable remuneration		
Name	Cash salary and Fees	Super-annuation	Non-monetary benefits	Long-service leave and annual leave	Short term incentive	Fair value of LTI award	Total
Non-executive Directors							
Doug Flynn	180,000	17,100	-	-	-	-	**197,100**
Pat O'Sullivan	100,000	9,500	-	-	-	-	**109,500**
Lisa Chung	100,000	9,500	-	-	-	-	**109,500**
Jack Matthews	90,000	8,550	-	-	-	-	**98,550**
Executive key management personnel							
Richard Herring	719,874	19,046	-	(17,981)	440,789	29,380	**1,191,108**
Andrew Hines	429,714	19,046	-	7,280	267,700	17,843	**741,583**
Wayne Castle	377,195	19,046	-	(3,214)	236,370	15,755	**645,152**
Total	**1,996,783**	**101,788**	**-**	**(13,915)**	**944,859**	**62,978**	**3,092,493**

20% of the 2015 short term incentive is deferred for a period of 12 months and will be satisfied by cash.

Details of 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 and annual 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	-	2,893	460,000	3,673	**1,180,618**
Andrew Hines	415,378	18,279	-	5,269	280,000	2,230	**721,156**
Wayne Castle	359,093	23,812	-	23,261	240,000	1,969	**648,135**
Total	**1,580,193**	**79,084**	**-**	**31,423**	**980,000**	**7,872**	**2,678,572**

In addition to the above, a transaction completion incentive of $100,000 was awarded to Wayne Castle in 2014 for additional responsibilities undertaken in respect of the APN Outdoor 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 immediately above related to the period commencing on 1 October 2014 and ending on 31 December 2014.

The remuneration expenses disclosed in last year's remuneration report in relation to leave and LTI awards have been restated by a minimal amount to reflect:

- changes in leave balances during the prior period , and
- an adjustment of the fair value of the options granted in 2014, taking into account the probability of the achievement of hurdles at grant date.

Fixed and variable remuneration

The relative proportions of fixed versus variable pay received by reported KMP during the current and previous financial periods are as follows:

	Fixed remuneration		At risk – STI (on target)		At risk – LTI	
	2015	2014	2015	2014	2015	2014*
Richard Herring	74%	73%	23%	24%	3%	3%
Andrew Hines	75%	74%	22%	23%	3%	3%
Wayne Castle	75%	75%	22%	22%	3%	3%

* *annualised*

For the 2016 and 2017 financial years the Remuneration Committee is targeting LTI to comprise approximately 12% and 20% of the total remuneration package for KMP, respectively.

(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, (subject to eligibility) 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

The Company operates an LTI plan for eligible senior executives. The vesting of options is subject to the achievement of performance conditions as set out in the LTI description in the Overview of our remuneration framework section of this report. Options carry no dividend or voting rights. No options were exercised during the year.

Prior year grants

Options granted in the 2014 year which remain unvested and on-foot are as noted 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	$0.245	0%
Andrew Hines	18 Nov 2014	31 Dec 2017	31 Dec 2018	$2.55	240,788	$0.245	0%
Wayne Castle	18 Nov 2014	31 Dec 2017	31 Dec 2018	$2.55	212,608	$0.245	0%

An adjustment of the fair value of the options granted in 2014 has been made in the table above, taking into account the probability of the achievement of hurdles at grant date.

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 or performance-based 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 per annum, being 57% of the approved cap. There is no current intent to seek to increase the non-executive director fee pool at the 2016 AGM.

The annual fees, inclusive of superannuation, provided to non-executive Directors in 2015 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	-

There were no increases to non-executive Directors' fees during the 2015 reporting period.

(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:

2015	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	1,943,455	-	-	-	**1,943,455**
Andrew Hines	728,796	-	-	-	**728,796**
Wayne Castle	728,796	-	-	-	**728,796**
Total	3,969,675	-	-	-	**3,969,675**

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 2015 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.

Contents

General information

The financial statements cover APN Outdoor Group Limited as a Group consisting of APN Outdoor Group Limited and the entities it controlled at the end of, or during, the year. 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
New South Wales 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 22 February 2016. The Directors have the power to amend and reissue the financial statements.

Restatement of comparatives

The Group presents reclassified comparative information where required, for consistency with the current financial period's presentation.

APN Outdoor Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue and other income	1	**300,820**	250,625
Expenses			
Raw materials and consumables used		**(7,973)**	(8,242)
Sales and marketing		**(31,582)**	(25,150)
Production and installation		**(20,849)**	(19,076)
Employee benefits		**(31,907)**	(30,868)
Rental of advertising space		**(121,771)**	(108,236)
Depreciation and amortisation		**(10,216)**	(9,918)
Restructuring costs		**-**	(595)
IPO transaction costs		**-**	(11,859)
Onerous lease		**-**	(4,472)
Other expenses		**(13,439)**	(17,945)
Finance expenses	2	**(4,057)**	(30,420)
Total expenses		**(241,794)**	(266,781)
Profit/(loss) before income tax (expense)/benefit		**59,026**	(16,156)
Income tax (expense)/benefit	3	**(17,977)**	3,907
Profit/(loss) after income tax expense for the year attributable to the owners of APN Outdoor Group Limited		**41,049**	(12,249)
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		**(6)**	(17)
Foreign currency translation		**(124)**	902
Other comprehensive income for the year, net of tax		**(130)**	1,757
Total comprehensive income for the year attributable to the owners of APN Outdoor Group Limited		**40,919**	(10,492)
		Cents	**Cents**
Basic earnings per share	21	**24.64**	(7.35)
Diluted earnings per share	21	**24.61**	(7.35)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

APN Outdoor Group Limited
Statement of financial position
As at 31 December 2015

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents		**9,020**	9,865
Trade and other receivables	6	**62,777**	58,284
Inventories		**677**	585
Income tax asset		**-**	253
Prepayments		**12,286**	7,218
Total current assets		**84,760**	76,205
Non-current assets			
Investments accounted for using the equity method		**546**	517
Property, plant and equipment	7	**77,858**	71,843
Intangibles	8	**222,862**	213,901
Deferred tax	4	**462**	1,155
Other		**2,750**	-
Total non-current assets		**304,478**	287,416
Total assets		**389,238**	363,621
Liabilities			
Current liabilities			
Trade and other payables	9	**22,728**	27,792
Income tax		**14,716**	-
Employee benefits	11	**2,134**	1,841
Provisions	10	**1,005**	851
Other	12	**3,984**	575
Total current liabilities		**44,567**	31,059
Non-current liabilities			
Borrowings	16	**65,926**	85,121
Derivative financial instruments	17	**17**	24
Deferred tax	5	**24,896**	24,624
Employee benefits	13	**339**	289
Provisions	14	**1,929**	2,934
Other	15	**3,469**	3,296
Total non-current liabilities		**96,576**	116,288
Total liabilities		**141,143**	147,347
Net assets		**248,095**	216,274
Equity			
Issued capital	18	**222,334**	222,334
Reserves	23	**3,753**	3,817
Retained profits/(accumulated losses)		**22,008**	(9,877)
Total equity		**248,095**	216,274

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

APN Outdoor Group Limited
Statement of changes in equity
For the year ended 31 December 2015

	Issued capital $'000	Redeemable convertible preference shares $'000	Reserves $'000	Retained profits/ (acc losses) $'000	Total equity $'000
Balance at 1 January 2014	115,484	40,000	2,047	2,372	**159,903**
Loss after income tax 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 18)	106,850	-	-	-	**106,850**
Preference shares extinguished	-	(40,000)	-	-	**(40,000)**
Share base payment expense	-	-	13	-	**13**
Balance at 31 December 2014	**222,334**	**-**	**3,817**	**(9,877)**	**216,274**

	Issued capital $'000	Redeemable convertible preference shares $'000	Reserves $'000	Retained profits/ (acc losses) $'000	Total equity $'000
Balance at 1 January 2015	222,334	-	3,817	(9,877)	**216,274**
Profit after income tax (expense) for the year	-	-	-	41,049	**41,049**
Other comprehensive income for the year, net of tax	-	-	(130)	-	**(130)**
Total comprehensive income for the year	-	-	(130)	41,049	**40,919**
Transactions with owners in their capacity as owners:					
Share base payment expense	-	-	66	-	**66**
Dividends paid (note 20)	-	-	-	(9,164)	**(9,164)**
Balance at 31 December 2015	**222,334**	**-**	**3,753**	**22,008**	**248,095**

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

APN Outdoor Group Limited
Statement of cash flows
For the year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**293,748**	236,831
Payments to suppliers and employees (inclusive of GST)		**(232,682)**	(205,087)
		61,066	31,744
Interest received		**236**	362
Interest and other finance costs paid		**(3,525)**	(18,005)
Income taxes paid		**(1,961)**	(2,297)
Net cash from operating activities	29	**55,816**	11,804
Cash flows from investing activities			
Payments for property, plant and equipment		**(13,507)**	(20,931)
Payments for intangibles	8	**(12,002)**	(381)
Payments for other non-current assets		**(2,750)**	-
Net cash used in investing activities		**(28,259)**	(21,312)
Cash flows from financing activities			
Proceeds from issue of shares	18	**-**	329,828
Share issue transaction costs	18	**-**	(6,291)
Return of capital	18	**-**	(220,119)
Proceeds from borrowings - pre IPO facilities		**-**	46,000
Proceeds from borrowings - post IPO facilities	16	**11,886**	86,000
Repayment of borrowings		**(31,386)**	(160,216)
Repayment of shareholder loans		**-**	(69,230)
Dividends paid	20	**(9,164)**	-
Repayment of loans to management shareholders		**-**	3,966
Borrowing costs paid		**-**	(3,316)
Net cash from/(used in) financing activities		**(28,664)**	6,622
Net decrease in cash and cash equivalents		**(1,107)**	(2,886)
Cash and cash equivalents at the beginning of the financial year		**9,865**	12,616
Effects of exchange rate changes on cash and cash equivalents		**262**	135
Cash and cash equivalents at the end of the financial year		**9,020**	9,865

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

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

Section A - Revenue and expenses

Note 1. Revenue

	2015 $'000	2014 $'000
Advertising revenue	**300,212**	250,447
Sundry revenue	**608**	166
Revenue	**300,820**	250,613
Other Income	**-**	12
Total revenue and other income	**300,820**	250,625

Accounting Policy for 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.

Note 2. Finance costs

	2015 $'000	2014 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges	**3,229**	16,388
Interest and finance charges to shareholders	**-**	4,951
Borrowing cost amortisation	**306**	8,445
Interest - onerous lease	**522**	636
Total	**4,057**	30,420

Finance costs

Finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Section B - Income taxes

Note 3. Income tax expense/(benefit)

	2015 $'000	2014 $'000
Income tax expense/(benefit)		
Current tax	**16,932**	1,692
Deferred tax - origination and reversal of temporary differences	**965**	(5,645)
Under provision in prior year	**80**	46
Aggregate income tax expense/(benefit)	**17,977**	(3,907)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax assets (note 4)	**693**	275
Increase/(decrease) in deferred tax liabilities (note 5)	**272**	(5,920)
Deferred tax - origination and reversal of temporary differences	**965**	(5,645)
Reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	**59,026**	(16,156)
Tax at the statutory tax rate of 30%	**17,708**	(4,847)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**280**	843
Share of loss from associates	**(29)**	57
	17,959	(3,947)
Difference in overseas tax rates	**(62)**	(26)
Under provision in prior year	**80**	66
Income tax expense/(benefit)	**17,977**	(3,907)

	2015 $'000	2014 $'000
Amounts credited directly to equity		
Deferred tax liabilities (note 5)	-	(515)

Accounting policy for 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 the 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 be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

Note 3. Income tax expense/(benefit) (continued)

- 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 at 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.

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.

Note 4. Non-current assets - deferred tax

	2015 $'000	2014 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	**96**	582
Accrued expenses & provisions	**92**	92
Intangible assets	**274**	481
Deferred tax asset	**462**	1,155
Movements:		
Opening balance	**1,155**	1,430
Charged to profit or loss (note 3)	**(693)**	(275)
Closing balance	**462**	1,155

Note 5. Non-current liabilities - deferred tax

	2015 $'000	2014 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	**28,414**	3,295
Intangibles	**2,989**	29,207
Other	**885**	1,249
Accrued expenses and Provisions	**(3,654)**	(3,721)
Transaction costs (excluding share issue costs)	**(2,083)**	(2,777)
	26,551	27,253
Amounts recognised in equity:		
Share issue cost	**(1,645)**	(2,622)
Derivative financial instruments	**(10)**	(7)
	(1,655)	(2,629)
Deferred tax liability	**24,896**	24,624
Movements:		
Opening balance	**24,624**	31,059
Charged/(credited) to profit or loss (note 3)	**272**	(5,920)
Credited to equity (note 3)	**-**	(515)
Closing balance	**24,896**	24,624

Section C - Assets

Note 6. Current assets - trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	**63,099**	58,403
Less: Provision for impairment of receivables	**(749)**	(1,061)
	62,350	57,342
Sundry receivables	**427**	942
	62,777	58,284

Note 6. Current assets - trade and other receivables (continued)

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

	2015 $'000	2014 $'000
Opening balance	**1,061**	646
Additional provisions recognised	**(127)**	1,027
Receivables written off during the year as uncollectable	**(185)**	(612)
Closing balance	**749**	1,061

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

	2015 $'000	2014 $'000
Past due 1-30 days	**4,786**	4,247
Past due 31-60 days	**501**	2,109
Past due 60+ days	**119**	840
	5,406	7,196

Accounting policy for trade and other receivables

Trade receivables are recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 45 days.

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. 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.

Note 7. Non-current assets - property, plant and equipment

	2015 $'000	2014 $'000
Plant and equipment - at cost	**101,801**	92,079
Less: Accumulated depreciation	**(31,470)**	(24,333)
	70,331	67,746
Capital works in progress	**7,527**	4,097
	77,858	71,843

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 $'000	Capital works in progress $'000	Total $'000
Balance at 1 January 2014	**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**
Additions	1,824	12,519	**14,343**
Digital development costs expensed	-	(499)	**(499)**
Static billboard spares expensed	-	(113)	**(113)**
Exchange differences	(193)	(3)	**(196)**
Transfers from capital works in progress	8,474	(8,474)	**-**
Depreciation expense	(7,520)	-	**(7,520)**
Balance at 31 December 2015	**70,331**	**7,527**	**77,858**

Note 7. Non-current assets - property, plant and equipment (continued)

Accounting policy for property, 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 - structure	12 years
Digital billboards - screen	6 years
Transit assets	4 years
Office equipment	4 years
Manufacturing equipment	6 years

Digital Billboards are predominantly large format and comprise a screen (a typical large format digital screen is 40m^2) as well as supporting infrastructure and as such have different useful lives.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.

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.

Note 8. Non-current assets - intangibles

	2015 $'000	2014 $'000
Goodwill - at cost	**116,176**	116,521
Software - at cost	**80**	119
Less: accumulated amortisation	**(63)**	(95)
	17	24
Licences, systems and processes	**116,829**	104,309
Less: accumulated amortisation	**(10,160)**	(6,953)
	106,669	97,356
	222,862	213,901

Note 8. Non-current assets - intangibles (continued)

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

	Goodwill $'000	Software $'000	Licences, systems and processes $'000	**Total $'000**
Balance at 1 January 2014	**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**
Additions	-	6	11,996	**12,002**
Exchange differences	(345)	-	-	**(345)**
Amortisation expense	-	(13)	(2,683)	**(2,696)**
Balance at 31 December 2015	**116,176**	**17**	**106,669**	**222,862**

Accounting policy for 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 and is carried at cost less accumulated impairment losses.
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 the depreciable assets was higher than previously estimated and accordingly the deferred tax liability and goodwill were both reduced.

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.

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.

Note 8. Non-current assets - intangibles (continued)

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.

Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill

For the purpose of impairment testing, goodwill is allocated to the APN Outdoor's cash generating units ('CGU') which represent the lowest level that independent cash flows are generated (as at the reporting date).

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Goodwill	**2015**	2014
	$'000	$'000
Australia	**99,056**	99,056
New Zealand	**17,120**	17,465
Total Goodwill	**116,176**	116,521

The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial forecasts covering a 5 year period. Cash flows beyond the projected period are extrapolated using estimated growth rates which reflect market consensus on growth for the Out of Home industry. In performing the value-in-use calculations for each CGU, a pre-tax discount rate to discount the forecast future attributable cash flows of 13% has been applied (2014: 10% - 12%).

Cash flows of each CGU have been projected based on the budget for 2016. This budget reflects current market conditions and the immediate outlook. The forecast has been extended for 4 years using EBITDA growth assumptions noted above as applicable to each CGU. Terminal cash flows beyond 5 years forecast of each CGU were extrapolated using a long term growth rate of 3% (2014: 2.5% - 4%). Growth rates used do not exceed the long-term average growth rate for the markets in which each of the CGU's operate.

The forecasts for the purposes of each of the value in use calculations are most sensitive to changes in the projected cash flows in year 1.

The Board have reviewed the sensitivities of each CGU's recoverable value for the above noted assumptions.

The Australian CGU has a significant amount of headroom based on the valuation assessment performed such that none of the assumptions applied in the calculation if reasonably varied would result in an impairment.

If the New Zealand pre-tax discount rate was 3% higher the recoverable value of the CGU would equal its carrying value. Alternatively if the year 1 budget was 13% less or if the long term growth rate was 0% the recoverable value of the CGU would equal its carrying value.

Based on the review of the sensitivities to the other key assumptions noted above, the Board believe that there are no other reasonably possible changes in any of the key assumptions that would cause the carrying amount of an individual CGU to exceed its recoverable amount.

Section D - Liabilities and provisions

Note 9. Current liabilities - trade and other payables

	2015 $'000	2014 $'000
Trade payables	**2,017**	6,440
Accruals	**20,711**	21,352
	22,728	27,792

Refer to note 17 for further information on financial instruments.

Accounting policy for 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.

Note 10. Current liabilities - provisions

	2015 $'000	2014 $'000
Onerous lease	**1,005**	851

Onerous lease

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.

Accounting policy for 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.

Note 11. Current liabilities - employee benefits

	2015 $'000	2014 $'000
Annual leave	**1,147**	1,049
Long service leave	**987**	792
	2,134	1,841

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 12. Current liabilities - other

	2015 $'000	2014 $'000
Lease liabilities	**149**	94
Deferred revenue	**3,835**	481
	3,984	575

Note 13. Non-current liabilities - employee benefits

	2015 $'000	2014 $'000
Long service leave	**339**	289

Accounting policy for 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 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 corporate bond rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 14. Non-current liabilities - provisions

	2015 $'000	2014 $'000
Onerous lease	**1,929**	2,934

Accounting Policy for 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 15. Non-current liabilities - other

	2015 $'000	2014 $'000
Lease liabilities	**3,469**	3,296

Accounting policy for 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.

Section E - Treasury

Note 16. Non-current liabilities - borrowings

	2015 $'000	2014 $'000
Bank loans - secured	**66,500**	86,000
Borrowing costs	**(916)**	(916)
Less: accumulated amortisation	**342**	37
	65,926	85,121

Refer to note 17 for further information on financial instruments.

Note 16. Non-current liabilities - borrowings (continued)

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

	2015 $'000	2014 $'000
Bank loans - secured	**66,500**	86,000

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 (2014: $130,000,000) and at reporting date $46,030,373 (2014: $29,550,233) was available for working capital requirements and bank guarantees. The utilised amount consists of $66,500,000 of senior debt and $17,469,627 of bank guarantees.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. Borrowing costs are 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.

Note 17. 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. 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. Any impact from changes in foreign currency rates would not be significant.

Note 17. Financial instruments (continued)

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

	Exchange Rates			
	Average		Reporting date	
	2015	2014	2015	2014
Australian dollars				
New Zealand dollars	**1.0770**	1.0870	**1.0670**	1.0460

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

	2015		2014	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	3.32%	66,500	4.45%	86,000
Interest rate swaps (notional principal amount)	2.38%	(70,000)	2.38%	(70,000)
Net exposure to cash flow interest rate risk		**(3,500)**		**16,000**

As the 2015 year was 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 a result of the Group's performance in 2015, additional debt was repaid during the current financial period.

The 2015 interest rate swap expired in January 2016. A new interest rate swap was executed in November 2015 with a notional amount of $15,000,000 at a fixed rate of 2.06%. This swap commenced in January 2016 and represents 20% - 30% of forecast net debt for the year ended 31 December 2016. The Group has an overall low exposure to interest rates (largely based on a strong correlation of earnings to the economic cycle providing a reasonable degree of natural hedge) and this range is considered appropriate.

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.

Note 17. Financial instruments (continued)

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.

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.

2015	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	-	2,017	-	-	-	2,017
Interest-bearing - variable						
Bank loans	3.32%	2,211	68,445	-	-	70,656
Total non-derivatives		**4,228**	**68,445**	**-**	**-**	**72,673**
Derivatives						
Interest rate swaps inflow	2.32%	16	17	-	-	33
Total derivatives		**16**	**17**	**-**	**-**	**33**

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	-	6,440	-	-	-	6,440
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**

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

Note 17. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Section F - Capital

Note 18. Equity - issued capital

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid	**166,614,509**	166,614,509	**222,334**	222,334

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 January 2014	**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**
Balance	31 December 2015	**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.

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 a significant 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 investment. The Group continues to focus on the expansion of its core business and considers investment opportunities which complement the existing asset base or enhance the digital proposition.

Note 18. Equity - issued capital (continued)

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:

	2015 $'000	2014 $'000
Current liabilities - borrowings	-	-
Non-current liabilities - borrowings (note 16)	**65,926**	85,121
Total borrowings	**65,926**	85,121
Current assets - cash and cash equivalents	**(9,020)**	(9,865)
Net debt	**56,906**	75,256
Total equity	**248,095**	216,274
Total capital	**305,001**	291,530
Gearing ratio	**19%**	26%

Accounting policy for issued capital

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.

Note 19. Equity - Redeemable convertible preference shares

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

Note 20. Equity - dividends

Dividends

On 17 April 2015 APN Outdoor Group Limited paid a special, fully franked dividend of 1.0 cent per ordinary share ($1,666,145).

On 21 September 2015 APN Outdoor Group Limited paid an interim, fully franked dividend of 4.5 cents per ordinary share ($7,497,653).

On 22 February 2016 the Board recommended the payment of a final, fully franked dividend of 11.0 cents per share ($18,327,596). Proposed dividends on ordinary shares are not recognised as a liability as at 31 December 2015. This dividend will be paid on 22 April 2016.

Note 20. Equity - dividends (continued)

Franking credits

	2015 $'000	2014 $'000
Franking credits available at the reporting date based on a tax rate of 30%	**645**	3,065
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	**14,901**	(183)
Franking credits available for subsequent financial years based on a tax rate of 30%	**15,546**	2,882
Franking debits that will arise from the payment of dividends declared subsequent to the reporting date based on a tax rate of 30%	**(7,855)**	(714)
Net franking credits available based on a tax rate of 30%	**7,691**	2,168

The above franking account disclosures are for APN Outdoor Limited as the parent company of the Group.

Accounting policy for 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.

Note 21. Earnings per share

	2015 $'000	2014 $'000
Profit/(loss) after income tax attributable to the owners of APN Outdoor Group Limited	**41,049**	(12,249)

	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	**214,966**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**166,829,475**	166,614,509

	Cents	Cents
Basic earnings per share	**24.64**	(7.35)
Diluted earnings per share	**24.61**	(7.35)

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 the entire comparative year.

Note 21. Earnings per share (continued)

Accounting policy for 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.

Note 22. 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 Remuneration and Nomination 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 Remuneration and Nomination Committee.

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

2014

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

There were no options granted or exercised in the current financial period.

For the options granted during the previous 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%	$0.245

Accounting policy for share-based payments

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

Note 22. Share-based payments (continued)

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.

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.

Note 23. Equity - reserves

	2015 $'000	2014 $'000
Foreign currency reserve	**3,697**	3,821
Hedging reserve - cash flow hedges	**(23)**	(17)
Share based payments reserve	**79**	13
	3,753	3,817

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Section G - Other notes

Note 24. 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:

	2015 $	2014 $
Short-term employee benefits	**2,941,642**	2,560,193
Post-employment benefits	**101,788**	79,084
Long-term benefits	**(13,915)**	31,423
Share-based payments	**62,978**	7,872
	3,092,493	2,678,572

In addition to the above, a transaction completion incentive of $100,000 was awarded to Wayne Castle in 2014 for additional responsibilities undertaken in respect of the APN Group Limited listing.

500,000 ordinary shares were issued to Doug Flynn in 2014 for $1 each. The fair value of these shares on issue was determined to be $1,275,000.

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

Note 25. 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:

	2015 $	2014 $
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	**270,000**	296,049
Other services - PricewaterhouseCoopers		
Investigating Accountants' Report and review of forecast for Initial Public Offering	**-**	972,120
Audit of revenue certificates for landlords	**8,600**	16,126
Deregistration or liquidation of members of the Corporate Group	**5,100**	-
	13,700	988,246
	283,700	1,284,295
Other services - PWC New Zealand		
Audit of revenue certificates for landlords	**-**	4,968

Note 26. Commitments and contingent liabilities

	2015 $'000	2014 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	**3,746**	9,058
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**106,274**	97,014
One to five years	**227,281**	194,077
More than five years	**72,262**	76,085
	405,817	367,176

Not included above is contingent consideration payable of up to $14,425,000 arising from agreements to acquire lease portfolios entered into during 2015.

Note 27. Related party transactions

Parent entity
APN Outdoor Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the Directors' report.

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

	2015 $	2014 $
Sale of goods and services:		
Sale of goods to entity with significant influence	-	193,777
Payment for goods and services:		
Payment for financial support services from entity with significant influence	-	30,905
Payment for other expenses:		
Interest paid to shareholders on preference shares	-	4,951,080

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 27. Related party transactions (continued)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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

Note 28. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 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 29. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2015 $'000	2014 $'000
Profit/(loss) after income tax expense for the year	**41,049**	(12,249)
Adjustments for:		
Depreciation and amortisation	**10,216**	9,918
Write off of property, plant and equipment	**-**	4,102
Additional shares issued to management	**-**	765
Issue of shares to Chairman	**-**	780
Option charge for the period	**66**	13
Onerous contract	**(1,373)**	3,149
Other	**199**	315
Non-cash interest	**532**	12,415
Change in operating assets and liabilities:		
Increase in trade and other receivables	**(4,548)**	(12,611)
Decrease/(increase) in inventories	**(92)**	291
Decrease in accrued revenue	**3,355**	137
Increase in prepayments	**(5,080)**	(138)
Increase/(decrease) in trade and other payables	**(4,868)**	10,578
Increase in employee benefits	**345**	543
Movement in tax provisions	**16,015**	(6,204)
Net cash from operating activities	**55,816**	11,804

Section H - Group structure

Note 30. Operating segments

APN Outdoor Group Limited operates in one market segment, being Out-of-Home advertising.

Revenues are generated by sales to external customers in Australia (2015: $271,379,000, 2014: $230,127,000) and New Zealand (2015: $29,440,000, 2014: $20,496,000). The geography is based upon the location of the advertising provided. No individual customer is material to the revenues reported.

Given the similar economic characteristics of the markets, products and customers, these businesses have been aggregated for the purposes of presentation of this report.

Accounting policy for 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.

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2015 $'000	2014 $'000
Profit/(loss) after income tax	**144,020**	(20,002)
Total comprehensive income	**144,020**	(20,002)

Statement of financial position

	Parent	
	2015 $'000	2014 $'000
Total current assets	**12,423**	11,419
Total assets	**392,972**	278,259
Total current liabilities	**197**	1,211
Total liabilities	**66,123**	86,332
Equity		
Issued capital	**222,334**	222,334
Reserves	**79**	13
Retained profits/(accumulated losses)	**104,436**	(30,420)
Total equity	**326,849**	191,927

Note 31. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity provides guarantee in relation to the debts of one of its subsidiaries as at 31 December 2015 and December 2014.

Contingent liabilities
The parent has provided bank guarantees to various landlords of $17,469,627 (2014:$14,449,767) as at December 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as a December 2015 and December 2014.

Note 32. 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 34:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
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%

Note 33. 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'.

Note 33. Deed of cross guarantee (continued)

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

Statement of profit or loss and other comprehensive income	2015 $'000	2014 $'000
Revenue	**270,892**	229,973
Other income	**1,625**	1,120
Raw materials and consumables used	**(7,973)**	(8,242)
Sales and marketing	**(26,492)**	(21,481)
Production and installation	**(17,606)**	(16,574)
Employee benefits	**(29,417)**	(28,789)
Rental of advertising space	**(109,628)**	(100,242)
Depreciation and amortisation	**(9,658)**	(9,162)
IPO transaction costs	**-**	(11,859)
Onerous lease	**-**	(4,472)
Other expenses	**(11,963)**	(17,369)
Finance expenses	**(4,502)**	(30,457)
Profit/(loss) before income tax (expense)/benefit	**55,278**	(17,554)
Income tax (expense)/benefit	**(17,053)**	4,326
Profit/(loss) after income tax (expense)/benefit	**38,225**	(13,228)
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	**(6)**	(17)
Foreign currency translation	**(237)**	470
Other comprehensive income for the year, net of tax	**(243)**	1,325
Total comprehensive income for the year	**37,982**	(11,903)

Equity - retained profits	2015 $'000	2014 $'000
(Accumulated losses)/retained profits/) at the beginning of the financial year	**(11,106)**	2,122
Profit/(loss) after income tax (expense)/benefit	**38,225**	(13,228)
Dividends paid	**(9,164)**	-
Retained profits/(accumulated losses) at the end of the financial year	**17,955**	(11,106)

Note 33. Deed of cross guarantee (continued)

Statement of financial position	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	4,771	7,721
Trade and other receivables	77,791	73,348
Inventories	677	585
Income tax asset	-	182
Prepayments	10,610	6,386
	93,849	88,222
Non-current assets		
Investment properties	14,520	8,706
Property, plant and equipment	69,632	64,401
Intangibles	200,313	196,379
Other	2,750	-
	287,215	269,486
Total assets	381,064	357,708
Current liabilities		
Trade and other payables	20,800	25,013
Income tax	14,935	-
Employee benefits	1,995	1,734
Provisions	1,005	851
Other	3,787	481
	42,522	28,079
Non-current liabilities		
Borrowings	65,926	85,121
Derivative financial instruments	17	24
Deferred tax	24,896	24,623
Employee benefits	339	288
Provisions	1,929	2,934
Other	3,302	3,389
	96,409	116,379
Total liabilities	138,931	144,458
Net assets	242,133	213,250
Equity		
Issued capital	222,334	222,334
Reserves	1,844	2,022
Retained profits/(accumulated losses)	17,955	(11,106)
Total equity	242,133	213,250

Section I – Other significant accounting policies

Note 34. Other significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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.

Compliance with International Financial Reporting Standards
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 35.

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 31.

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 2015 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.

Note 34. Other significant accounting policies (continued)

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.

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 rates at the dates of the transactions, 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.

Investments accounted for using the equity method

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.

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.

Note 34. Other significant accounting policies (continued)

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.

Note 35. 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.

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.

APN Outdoor Group Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- the attached financial statements and notes 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 34 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2015 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 33 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

22 February 2016
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 consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for APN Outdoor Group Limited (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.

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 the financial report of APN Outdoor Group Limited (the company) 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 2015 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*.

Report on the Remuneration Report

We have audited the remuneration report included in pages 24 to 31 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of APN Outdoor Group Limited (the company) for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D Wiadrowski

David Wiadrowski
Partner

Sydney
22 February 2016

APN Outdoor Group Limited
Shareholder information
31 December 2015

The shareholder information set out below was applicable as at 15 February 2016.

Equity security holders

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

Security holder	Number Held	Issued %
J P MORGAN NOMINEES AUSTRALIA LIMITED	56,273,464	33.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,898,923	16.74
NATIONAL NOMINEES LIMITED	27,196,923	16.32
CITICORP NOMINEES PTY LIMITED	19,140,031	11.49
BNP PARIBAS NOMINEES PTY LTD	7,209,000	4.33
BNP PARIBAS NOMS PTY LTD	6,663,659	4.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,068,868	1.84
RICHARD HERRING	1,943,455	1.17
AMP LIFE LIMITED	1,287,235	0.77
WAYNE CASTLE	728,796	0.44
MR ANDREW HINES	728,796	0.44
BNP PARIBAS NOMS (NZ) LTD	677,840	0.41
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	674,986	0.41
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	579,900	0.35
CITICORP NOMINEES PTY LIMITED	579,346	0.35
CS FOURTH NOMINEES PTY LIMITED	570,283	0.34
DR & LC FLYNN NOMINEES PTY LIMITED	500,000	0.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	490,832	0.29
UBS NOMINEES PTY LTD	406,443	0.24
BNP PARIBAS NOMINEES PTY LTD	404,364	0.24
ECAPITAL NOMINEES PTY LIMITED	365,739	0.22
Total	**157,388,883**	**94.46**

Substantial holders

Substantial holders of ordinary shares in the Company are set out below:

Substantial shareholder	Number Held	Shareholding %
AUSTRALIAN SUPER PTY LTD	16,736,848	10.05
NATIONAL AUSTRALIA BANK AND ITS ASSOCIATED ENTITIES	15,737,743	9.45
UBS AG AND ITS RELATED BODIES CORPORATE	14,685,291	8.81
GOLDMAN SACHS	12,516,975	7.51
PARADICE INVESTMENT MANAGEMENT PTY LTD	10,416,673	6.25
COMMONWEALTH BANK OF AUSTRALIA	7,437,037	4.46

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.

Corporate Governance Statement

A copy of our Corporate Governance Statement can be found on our website at http://investors.apnoutdoorcorporate.com/Investor-Centre/?page=Corporate-Governance