

The background of the cover features a dark blue to black gradient, overlaid with vibrant, multi-colored light trails in shades of orange, red, yellow, and blue. These trails radiate from a central point on the left side, creating a sense of motion and energy. The text is centered and rendered in a clean, white, sans-serif font.

**ooh!<sup>®</sup>**  
**ANNUAL**  
**REPORT**  
**2014**

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# oOh! 2014 HIGHLIGHTS

RECORD YEAR FOR DIGITAL



**LAUNCHED HIJACKED**  
AUSTRALIA'S FIRST INTEGRATED ONLINE AND DIGITAL OUT-OF-HOME CONTENT PLATFORM

*Restructuring of debt Positioning business to fund growth*

AWARDED



MOODIE INTERNATIONAL BEST AIRPORT CONCOURSE ADVERTISING CAMPAIGN



IPO listed on ASX



AUSTRALIA'S LARGEST DIGITAL ROAD SIGN



*Qantas lounges*  
QVIEW - DIGITAL LIVE CONTENT



**LARGEST**  
INDOOR FULL MOTION AUDIO DIGITAL SIGN  
MACQUARIE SHOPPING CENTRE



**Unmissable**  
THE LEADING EDGE  
TOP 3 SALES DRIVER



World first  
CAR RECOGNITION TECHNOLOGY

2nd year of  
**oOh!PEN SEASON**



★ ★ ★  
Sales team of the year across all media  
**2014**

RESULTS AHEAD OF PROSPECTUS AND PRIOR YEAR





# OPERATIONAL HIGHLIGHTS

In CY14, our first result following the December 2014 Initial Public Offering (IPO), oOh!media exceeded its Prospectus Forecast and delivered strong revenue and earnings growth on all key performance measures. Pro forma revenue increased 7.1%, pro forma EBITDA increased 27.9% and Adjusted NPAT was up 222.3%. Profitability and cash flow strengthened as pro forma EBITDA margin lifted to 13.7% from 11.9% in CY13 and free cash flow increased 19.2% to reach \$40.8 million in CY14 from \$34.2 million in the prior comparable period.

All of oOh!media's operating divisions continue to lead their respective Out Of Home segments and each made a significant contribution to the result supported by the continuing growth of digital revenues which increased 49.7% over CY13.

Following completion of the IPO and as a result of second half cash flows, the financial position reflected a deleveraging through the latter part of CY14 as net indebtedness declined from a Pro Forma position of \$76.3 million at 30 June 2014 to \$61.7 million at 31 December 2014. This positions oOh!media with a strong balance sheet to support future growth initiatives in 2015.

## Pro Forma REVENUE



## Pro Forma EBITDA



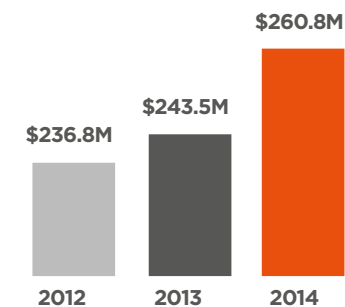
## Pro Forma ADJUSTED NPAT



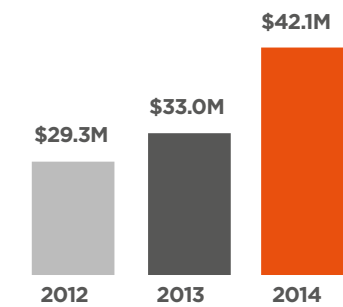
## NET DEBT & LEVERAGE



## Pro Forma MULTI PERIOD REVENUE GROWTH



## Pro Forma MULTI PERIOD EBITDA GROWTH



1. The Directors believe that the Pro Forma presentation of results is a better indicator of underlying performance and differs from the statutory presentation. The Pro Forma results reflect the full year effect of the operating and capital structure that was put in place at the time of the IPO and excludes the costs of the IPO, one-off tax implications arising as a result of the IPO and other items which are not expected to reoccur in the future.

2. Adjusted NPAT is defined as Net Profit After Tax before acquired amortisation (after tax) and non-cash items such as impairments. oOh!media's Senior Management believes Adjusted NPAT is an important measure of the underlying earnings of the business due to the number of acquisitions undertaken during historical periods which resulted in higher than normal amortisation, which represents a non-cash charge.

3. Reconciliations of Statutory to Pro Forma financial results are contained in the Operating Financial Review.

4. Leverage is Net Debt divided by Pro Forma EBITDA





## CHAIRMAN'S LETTER

On behalf of the Board of Directors, I am pleased to present the first Annual Report of oOh!media Limited since re-listing on the Australian Securities Exchange (ASX) in December 2014.

When oOh!media became an ASX listed entity in 2002, it had the fifth largest market share of the Out Of Home advertising segment, (which represented 3.5% of all Australian advertising spend). Today, oOh!media is the largest player in Out Of Home advertising by revenue and the sector now commands 4.1 per cent of all advertising spend.

oOh!media finished its 2014 financial year ahead of its Prospectus forecast across key metrics - year on year revenue is up 7.1 per cent, ahead of the Pro Forma forecast by 1.0 per cent; EBITDA is up 27.9 per cent and ahead of the Pro Forma forecast by 4.7 per cent; and, our adjusted NPAT is up 222.3 per cent and ahead of our Pro Forma forecast by 4 per cent.

This is at a time when the national advertising market has experienced marked softening. This growth in profitability was underpinned by strong performance across all of our operating divisions.

This strong full year performance saw oOh!media admitted to the S&P / ASX 300 index in March this year, which we see as important validation of our business strategy.

The Out Of Home advertising sector is a vibrant and exciting one and we expect its growth will continue to outpace other traditional media. Over the last four years (to CY2013) the industry revenue has experienced a CAGR of 8 per cent. While it has yet to achieve the share of other international markets, for example in the UK where Out Of Home advertising represents 6.7 per cent of total advertising spend, the current digital evolution will continue to grow Out Of Home's share of the \$13.4 billion spent on advertising in Australia.

Digital in Out Of Home is enabling the medium to be more accessible to advertisers with time sensitive and contextually lead advertising. Prior to these digital capabilities, attracting these advertising briefs was simply not an option. In addition, digital capability has enabled greater creativity and integration into advertiser's marketing mix, further encouraging the growth of the sector.

As leaders in Digital Out Of Home, oOh!media has particularly benefited. Our digital revenues have grown to 23.2 per cent of oOh!media's total revenues, which is well above the industry average. oOh!media remains committed to digital innovation, creating new opportunities for all advertisers to forge deeper connections with their consumers by utilising new technologies.

Additionally, the Board and Senior Management see acquisitions as an important element in the overall business strategy and will continue to seek and assess appropriate acquisitions to leverage our existing platform and further enhance the overall growth potential of oOh!media.

Finally, on behalf of the Board I would like to thank our CEO, Brendon Cook, who is experienced, committed, and determined to keep oOh!media innovative and creative. I would also like to thank all of our people for their tremendous efforts throughout 2014.

Yours sincerely,

**Michael Anderson**  
Chairman

Sydney  
20 March 2015





# CHIEF EXECUTIVE OFFICER'S REPORT

The Australian media landscape has experienced significant change in recent years with new disruptive offerings transforming the way people consume information. Most of the mainstream media channels are, as a result, experiencing structural challenges as companies shift their marketing investment away from traditional channels.

However, oOh!media is one of the few in the Australian media landscape that is bucking this trend - delivering advertisers growing audiences across a truly national footprint and innovative solutions to deepen their connectivity and engagement with consumers.

It is as a result of this, along with our strategy, that we have delivered strong results for the past financial year.

We are delivering growth due to our 'Unmissable' advertising solutions, our proven return on investment (ROI) and technological advancements we are pioneering that bring consumers closer to the brands we advertise.

## Driving a sustainable digital future

Not only are we growing at the same time that digital technologies are challenging and changing the media industry, but we are embracing digital technologies as part of our business and continue to introduce digital innovations that are changing the face of the industry.

Through our investment in digitisation, we have moved beyond being a provider of advertising signage to a company that offers one of the most dynamic and interactive media platforms for advertisers to engage with customers.

Over the last three years, oOh!media has evolved into a new media Out Of Home company - a location-based digital media company that connects advertisers with consumers, via not only physical assets but online, social and mobile platforms while they are away from home.

While our digital strategy is an important part of the business, we are not solely reliant on screens and software. In addition to our digital strategy, other drivers for future growth of the company include organic growth, yield management, strategic new contracts, acquisitions and leveraging our cost structures.

Innovation is at the heart of our business and has also seen us develop world first research to help advertisers make the most out of their investment, introduce evidence-based tools to help our clients gain better cut through with their consumers, and continue our entrepreneurial DNA through exciting formats such as our Venue, Study, Café and Social Sports advertising solutions.

On top of this we have an unparalleled offering by having the only truly national (metropolitan and regional) footprint in Australia and a national offering across New Zealand. This has also been a key part of the strategy that supported our tremendous financial results in 2014.

In 2014, our number one industry position was made even stronger, with the strategic bolt-on acquisitions of Homemaker Media and along with key assets from iOM enhancing our Retail and Road offerings.

## Changing the face of OOH

Also in 2014, oOh!media took the industry to a new level with the launch of three content based platforms that connect our physical assets with new online assets, mobile devices and social networks.

In February last year, we introduced our integrated digital platform, Hijacked, targeting the elusive student market. oOh!media produced and publishes our own paid and aggregated content, in conjunction with students, to the student-focused website which republishes to our digital display network across universities throughout the country.

This was followed by our QView offering in Qantas Business Lounges, which sees flight information, news content, weather and advertising published to digital display screens. QView is further amplified to mobile devices connected to Qantas Lounge Wi-Fi, providing individuals with more in-depth advertising, advertising interactivity and extensions and a personalised flight tracker.

We also introduced an integrated platform for our Social Sports offering, with our Online Sports web portal serving members information on their competitions as well as wider sporting related content.

These platforms are an exciting step forward for oOh!media and begin the process of introducing a new range of revenue opportunities.

During the year we also further enhanced our Retail offering with the rollout of new digital screens across some of Australia's leading shopping precincts, including marketing the largest full motion digital screen in the country as part of our contract win for Melbourne's Emporium.

Through our investment in digitisation and innovation, we have changed the face of one of the oldest advertising mediums through delivering dynamic and interactive media platforms for advertisers to engage with customers. It has also enabled us to increase the revenue on our assets by providing time-sensitive advertising opportunities such as "sale" or "limited time" offers that the Out Of Home industry previously could not provide.





## CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

As we have moved to become a new media business, our operating system and processes have also expanded to allow oOh!media's capability to display almost 10 million pieces of content daily across both our static and digital assets. The development of our advanced proprietary content management system - ARGYLE - has been crucial in allowing our market leading footprint of digital signs to continually respond to the increased content we work with each day.

### Delivering engagement beyond physical inventory

The digital innovation did not stop at signs. We undertook gesture control campaigns, where consumers could play a game on our retail panels. We had "temperature-parting" campaigns where the display of advertising would be triggered based on outside temperatures. Most recently we introduced the first ever vehicle recognition software into our Road digital panels which enabled tailored messages from advertisers to be displayed when specific vehicles approached.

In the past year, our digital assets delivered 23.2% of our revenues - which is well above the industry average, and we forecast that within three years revenue from digital assets will contribute half of our revenue.

Over the coming year, we will be moving into the next phase of our digital strategy, which is focused on digitising marquee large format roadside billboards while also growing our digital network in retail, airports and place-based environments and increasing our connections from physical assets to online, social and mobile platforms.

We expect in this next phase we will increase digital revenue from \$61 million this past year to \$80 million in 2015. This will see the revenue from digital assets increase to 30% of our forecast revenue.

This would not be possible without the dedicated and hard-working team at oOh!media.

Every member of the team has played a valuable role in building up the company to where it is today. Our operations and creative services team continue to lead the market by helping deliver clients award winning campaigns. Our commercial, asset and technology teams have been instrumental in successfully managing our property portfolio and securing long-term lease partners, enhancing the quality of our inventory across the board and helping us lead the technology evolution in the Out Of Home industry. Our finance team are facilitating the continued delivery of our business strategy and our sales team - including those in research and insights, client solutions and sales strategy - continue to be recognised and awarded as the best in the industry.

I would like to thank all of them for their efforts.

While 2014 was a tremendous year culminating in the successful IPO in December, I am looking forward to an even more exciting 2015 and beyond as we continue to develop the business into a market leading new media platform.

Yours sincerely,

**Brendon Cook**  
CEO  
Sydney 20 March 2015



# COMPANY OVERVIEW

Having operated for over 20 years, oOh!media is Australia's number one Out Of Home media company, as evidenced by:

- #1 overall with the leading 34% market share by revenue;
- #1 position in Road division by number of sites;
- #1 position in Retail division with greater than 70% market share by revenue;
- #1 position in Fly division with approximately 70% market share by revenue; and
- #1 position in Place by number of signs.






oOh!media operates a diverse Out Of Home site portfolio with an ANZ national presence spanning:

- Major metropolitan and regional areas in Australia and New Zealand;
- Over 27,700 Active Faces across approximately 18,200 static and digital signs;
- A network of over 1,700 digital signs with a leading national audience reach; and
- A Tap or Scan Mobile Interactive Network of over 6,500 signs.

oOh!media's portfolio provides advertisers with access to one of the largest and most diverse Out Of Home audience bases in Australia. This gives advertisers the ability to serve their various marketing objectives through a multitude of advertising solutions provided by oOh!media.

These solutions range from the ability to launch brand-building campaigns targeted at mass audiences on oOh!media's national Road billboard portfolio, to the launch of action-inducing campaigns targeted at audiences based on specific locations and demographics in high dwell time areas in Retail, Fly and Place environments. oOh!media is organised into four operating divisions based on product category as depicted in the table below. oOh!media also provides complementary services such as campaign production, campaign management, creative and digital services and experiential advertising.

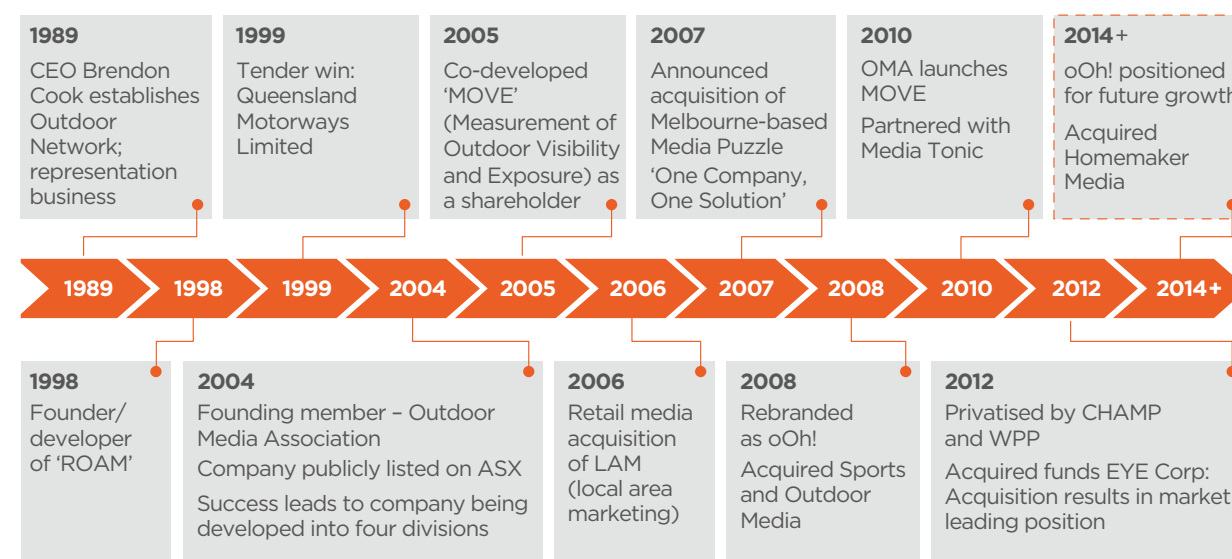
Table 1: Overview of key operating divisions

Divisions				
<b>Descriptions</b>	National provider of large format billboards in Australia. Located in major regional and metropolitan areas.	Retail signs located in shopping centres across all states of Australia. Relationships with every major shopping centre owner.	Coverage across all domestic airport terminals in Australia. Exclusive media provider to Qantas Lounges. Leading integrated Wi-Fi site network.	Industry leader in cafés, bars, universities and indoor social sports centres. Websites include student-focused Hijacked.com.au.
<b>Industry Segments</b>	Roadside (Billboards)	Retail	Transport	Niche, targeted segments
<b>Industry Position<sup>2</sup> and Revenue Share</b>	<b>No. 1</b> 44% Share in Roadside (Billboards) segment	<b>No. 1</b> >70% share in Retail segment	<b>No. 1</b> Approximately 70% share in Airports segment	<b>No. 1</b> Leading audience presence in each of its key environments
<b>Total Active Faces</b>	4,290	14,458	2,036	6,995
<b>Digital Active Faces</b>	39	3,673	1,189	6,630
<b>Pro Forma Revenue (CY2014)<sup>3</sup></b>	\$102 million	\$89 million	\$51 million	\$9 million
<b>Pro Forma Digital Revenue Percentage (CY2014)</b>	1%	26%	55%	75%
<b>Site Examples</b>				

## Company History

Founded in 1989 originally as a site representation business by current CEO, Brendon Cook, oOh!media is now an established leader in the Australian Out Of Home advertising industry by revenue share. oOh!media has successfully grown through organic and geographic expansion along with the successful integration of strategic acquisitions.

Figure 1: Select company history



## Operating Model

oOh!media is a modern Out Of Home media company that operates an integrated business model incorporating four integrated functions:

- **Property:** oOh!media has a dedicated commercial team that is responsible for property management across oOh!media's site portfolio, including the development of strategic network plans, negotiation of leases and licences, landlord relationship management, and management of regulatory issues;
- **Logistics:** oOh!media has a dedicated asset team that is responsible for managing the logistics of developing and commissioning sites and for the ongoing operation and maintenance of the site portfolio including installing new advertising displays;
- **Technology:** oOh!media has an in-house innovation and technology development capability. Examples of oOh!media's innovative solutions include its Tap or Scan Mobile Interactive Network, touch screen and gesture controlled capabilities, interactive dispenser panels, advertising on free Wi-Fi networks, data collection and analytics, and smartphone takeover-the-display-screen technology. oOh!media's technology team also develops extensive new media digital capabilities including oOh!media's proprietary ARGYLE digital content management and publishing platform; and
- **Sales:** oOh!media operates a leading national sales platform. In addition, oOh!media maintains three functional support teams - Research and Insights, Client Solutions and Sales Strategy and Business and Product Development.

These functional divisions are supported by a centralised shared services team that includes finance, legal, human resources, information technology, operations and asset management.

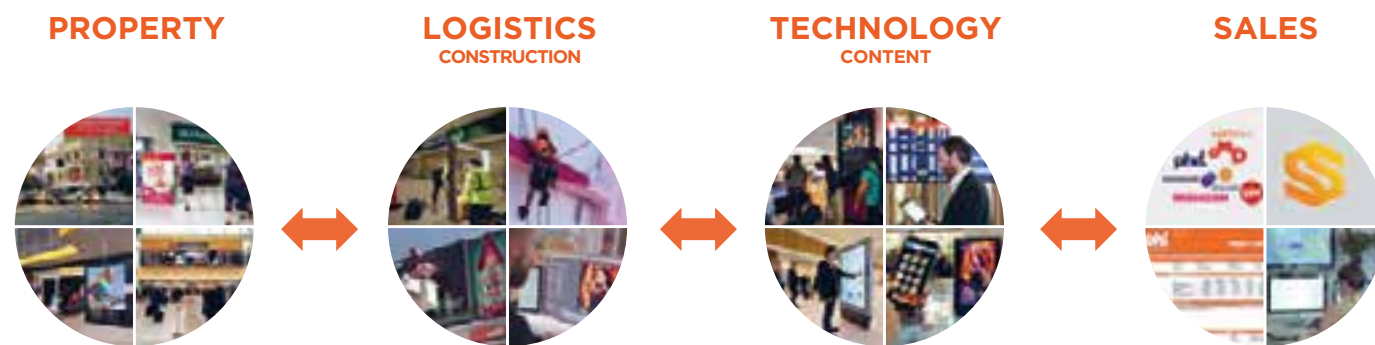
1. As at 31 December 2014.  
2. Market leadership in Road based on number of signs and metropolitan and regional coverage.  
3. Excludes revenue from New Zealand.



# COMPANY OVERVIEW

## CONTINUED

Figure 2: oOh!media's operating model



### Employees

oOh!media employs approximately 240 full-time equivalent employees. oOh!media recognises that its ability to attract, develop and retain personnel is important to the growth of the business. The scale of oOh!media's business provides wide-ranging career opportunities for team members and further supports oOh!media's ability to continue to attract and retain the best talent available. oOh!media is an equal opportunity employer and actively implements measures to minimise the risk of discrimination and harassment occurring in the workplace.

### Operating divisions

oOh!media is organised into four product divisions based on product category:

- **Road:** large format roadside billboards;
- **Retail:** sites located in retail precincts such as shopping centres;
- **Fly:** sites located in airports; and
- **Place:** newly developed locations such as cafes, pubs, universities and social sporting venues.

#### Road

oOh!media is a national provider of large format roadside billboards in Australia, with around 3,000 regional and around 1,000 metropolitan sites.

Key highlights of oOh!media's Road division include:

- #1 in large format media for both metropolitan and regional areas, with the most sites and a 44% revenue market share;
- Large format billboards located in every major regional and metropolitan area in Australia, with coverage of a very substantial portion of key arterial roads across the five major metropolitan areas. This results in oOh!media reaching the vast majority of the adult population of Australia's top five metropolitan cities every month;
- Unparalleled regional presence, with oOh!media accounting for the vast majority of regional roadside billboards in Australia; and
- A leading metropolitan presence, with oOh!media accounting for a significant proportion of metropolitan roadside billboard inventory in Australia.

oOh!media's national presence provides four particular strategic advantages which the Senior Management believes collectively position oOh!media to be an industry leader in the Road segment into the future:

- Advertisers who utilise national advertising campaigns (e.g. ANZ, Telstra and Lion Nathan) will be able to take advantage of oOh!media's metropolitan and regional billboard network;
- oOh!media's sound competitive position is premised on the long and complex regulatory approval processes, scarcity of sites and landlord diversity, which make it relatively difficult for new entrants to develop substantial national scale in the industry;
- Typically, lease/licence arrangements for owned regional billboards<sup>4</sup> are with individual, private owners who benefit from maintaining lease/licence arrangements with oOh!media, given that oOh!media already has the industry leading regional billboard presence; and
- Typically, leases/licences are set for an initial term of five to 10 years with renewal options for another five or more years. As at December 2014, the Road division (excluding represented sites) had an average initial lease/licence term of 10 years and 61% of the portfolio was due to mature post CY2018.

Figure 3: oOh!media Road Site Melbourne Airport



Management believes that Road will continue to grow organically as it continues to attract new advertisers through its 'Unmissable' media offering and ability to broadcast national brands to mass audiences with high passing traffic flows.

oOh!media's Road division currently operates six large format digital roadside signs installed in roadside locations alongside airport and retail precincts. As part of the next phase of its digital strategy, oOh!media has, or is in the process of, gaining approval for the digitisation of a further 15 to 20 large format sites, which are expected to be completed during CY2015.

oOh!media sees the digital conversion of large format sites across its Road site portfolio as a key driver of revenue growth and margin expansion, and has plans to digitise approximately 50 sites over the next three years. There are further opportunities to expand beyond this and into second tier sites as capital costs decline and long-term reliability of digital signs increases.

4. oOh!media's Road division consists of owned and represented sites. Owned sites are those where oOh!media holds the lease/ licence to the site and generally owns the physical infrastructure. Represented sites are those where oOh!media acts as the sales representative on behalf of the party that either owns the site or holds the lease/licence.



# COMPANY OVERVIEW

## CONTINUED

### Retail

oOh!media's Retail division offers Out Of Home advertising solutions in retail precincts in major shopping centres and supermarkets, throughout major metropolitan and regional areas in Australia.

Key highlights of oOh!media's Retail division include:

- #1 in the Retail segment with market share of over 70% by revenue in CY2014;
- A portfolio with 10,785 static Active Faces and 3,673 digital Active Faces;
- The rights to provide Out Of Home advertising in over 500 individual shopping centres with contractual arrangements with every major shopping centre owner in Australia (e.g. Stockland, Federation Centres, AMP, Colonial and Westfield/ Scentre);
- A presence outside approximately 800 supermarkets in Australia, providing advertisers potential access to over 14 million shopper visits per fortnight with a high frequency of engagement on a consumer's 'path to purchase'; and
- A diversity of options for advertisers with retail sites strategically placed around shopping centre entry and exit points and near supermarket, key store and traffic precincts. For example, a credit card company advertiser may prefer entrances to shopping centres whereas a telecommunications company advertiser may prefer closer proximity to phone shops and an FMCG advertiser may prefer to advertise directly outside supermarkets.

Figure 3: oOh!media Retail Marrickville Metro



oOh!media's Retail growth strategy is focused on the continued digitisation of Retail environments, including strengthening the coverage of digital signage near supermarkets, as well as developing a network of digital internal and external large panels across some of Australia's largest shopping centres. This strategy is expected to enable oOh!media to enhance its industry leading position in the Retail category, grow revenue and improve margins by adding an increased number of high-quality digital signs.

The ability for oOh!media to offer its digital platform in Retail environments provides advertisers with new creative capabilities such as full motion imagery, touch screen technology and motion sensors. In addition, digital signage in Retail presents advertisers with a range of new flexible buying options such as:

- Time-of-day advertising (e.g. an FMCG brand may choose to advertise breakfast cereal in the morning);
- Specific advertising on a particular day of the week (e.g. a major retailer may advertise a '2 day only' discount sale on Friday); and
- Digital 'dominations' (e.g. a car manufacturer taking over a major part of the Macquarie Centre for the launch of a new vehicle model).

The Senior Management believes that as it continues to invest in the digital conversion of its Retail portfolio, it is well placed to win revenue share from the Roadside (Others) and Transit segments which oOh!media does not operate within, as well as targeting advertisers in FTA TV, online and newspapers.

In addition, the shopping centre industry is currently investing billions of dollars in the development and refurbishment of new and existing centres across its portfolios to enhance the shopping experience for consumers. Part of this investment is aimed at attracting popular domestic and international retail brands to its centres, investing in innovative formats and concepts (e.g. Wi-Fi, apps, loyalty programs), as well as developing new dining and entertainment precincts to increase consumer traffic. Through its industry leading position in the Retail segment, oOh!media is well positioned to act as the media partner with shopping centre owners to maximise the ROI of their retail environments by generating additional revenue from Out Of Home advertising solutions.

### Fly

oOh!media is the #1 provider of airport advertising in Australia, with a presence in all major metropolitan cities and the largest coverage across domestic metropolitan and regional terminals in Australia.

Key highlights of oOh!media's Fly division include:

- #1 in the Airport segment, with an approximate 70% market share by revenue;
- Airports represent attractive environments to advertisers as high audience dwell times provide advertisers with the ability to target both premium business and leisure travellers;
- oOh!media has over 2,000 Active Faces across 10 airports in Australia. These provided advertisers with access to over 100 million passenger movements through such airports in 2013; and
- Recent launch of QView, oOh!media's new premium Qantas Lounge offering, which delivers advertising solutions in all key domestic Qantas Club, Business Lounge and Chairman's Lounges around Australia which received over 8 million visits in 2013. Some features of QView include:
  - Over 500 additional Active Faces that have been live from July 2014, as well as digital conversion and addition of new sites at Melbourne, Brisbane, Adelaide, Canberra and Perth airports;
  - An integral platform of digital screens with Wi-Fi and mobile interconnectivity;
  - Integrated advertising with news, sport and weather content, flight information and online news services; and
  - Improved ability for advertisers to target the business traveller demographic and facilitate one-on-one interaction and improved data gathering capabilities.

The growth initiatives for Fly are centred on capitalising on the significant digital investment recently undertaken in all of the metropolitan airports to drive revenue and optimise yield.

### Place

Place-based assets reside in environments that offer high dwell times and high audience engagement.

oOh!media's Place division consists of a network of almost 7,000 Active Faces and a range of innovative offerings in newly developed locations including:

- **Café:** 375 cafés nationally in prime CBD locations with digital screens targeted at 25-54 year old professionals;
- **Study:** 78 tertiary and university campus locations containing over 100 digital and over 200 static screens targeted at 18-24 year old students;
- **Venue:** Over 350 venues nationally, such as pubs and bars containing over 400 screens targeted at 18-39 year olds;
- **Social Sport:** Over 70 social sports centres nationally containing over 60 digital signs and 130 large format and smaller screens targeted at active 18-39 year olds; and
- **Health:** Over 60 medical centres nationally with over 175 digital signs.

There is significant potential for future growth in the Place division through further expansion into new environments and through innovation. For example, oOh!media recently launched its 'Hijacked' product, one of Australia's first integrated online, social and digital Out Of Home content platforms in the relatively hard to reach tertiary education sector in its sites within university campuses across Australia. Hijacked's platform represents a national digital campus where tertiary students can 'hang out' and discuss news, views and pop culture on campus, at home or when they are out and about.



# DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors of oOh!media Limited present their report of the consolidated entity (referred to hereafter as the Group) consisting of oOh!media Limited ('oOh!media') and the entities it controlled at the end of, or during, the year ended 31 December 2014 and the auditor's report thereon.

## 1. Principal Activities

oOh!media is Australia's leading Out Of Home media company. The Group's activities include outdoor media, production and advertising in Australia and New Zealand. The Group provides advertisers with access to one of the largest and most diverse Out Of Home audiences across its national portfolio of Out Of Home advertising spaces throughout Australia and New Zealand, including:

- Large format roadside billboards (Road);
- Sites located in retail precincts such as shopping centres (Retail);
- Sites in airport terminals and lounges (Fly); and
- Sites in high dwell time environments such as cafés, pubs, universities and indoor social sports centres (Place).

## 2. Operating and Financial Review

The consolidated loss attributable to owners of the parent entity for the financial year ended 31 December 2014 was \$24,785,000 (2013: loss of \$18,911,000). A review of operations and results of the Group for the year ended 31 December 2014 is set out in the Operating and Financial Review, which is attached and forms part of the Directors' Report.

## 3. Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

### Initial Public Offering - Listing

On 17 December 2014, the ultimate holding company of the Group became oOh!media Limited and commenced trading on the Australian Securities Exchange (ASX Listing Code: OML). The listing process raised \$166 million of equity which was used to primarily repay debt.

### Funding

On 18 December 2014, the Group established a \$140 million three year secured revolving facility.

## 4. Matters Subsequent to Reporting Date

The Group agreed to acquire certain assets from Independent Outdoor Media Pty Limited on 2 October 2014 for consideration of \$6,000,000, with \$5,450,000 paid and \$550,000 deferred based on conditions precedent in the agreement being met. This transaction was completed on 1 January 2015.

Other than the matter mentioned above, no other matter or circumstance at the date of this report has arisen since 31 December 2014 that has significantly affected or may affect:

- (a) the operations of the Group;
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in the future financial years.

## 5. Likely developments and expected results

Other than the developments described in this report, the Directors are of the opinion that no other matters or circumstance will significantly affect the operations and expected results of the Group.

## 6. Shares issued and exercise of options

There were no ordinary shares of oOh!media issued on the exercise of options during the year ended 31 December 2014 and up to the date of this report. Please refer to the Remuneration Report which forms part of the Director's Report for further information.

## 7. Dividends

No dividends were paid to members or determined by oOh!media with respect to the year ended 31 December 2014. It is the current intention of the Board to pay dividends in respect of the period from 1 January 2015 to 31 December 2015 depending on available profits and the financial position of oOh!media.

No assurances can be given by any person, including the Directors, about the payment of any dividend.

## 8. Directors, Company Secretary and Information on Directors

### Directors

The names of Directors who held office during the financial year of oOh!media are as follows:

Name of Director	Type of Director	oOh!media Limited	
		Appointed Date	Resignation Date
Michael Anderson	Chairman and Independent Non-Executive Director	7/10/2014	-
Tony Faure	Independent Non-Executive Director	28/11/2014	-
Debbie Goodin	Independent Non-Executive Director	28/11/2014	-
Darren Smorgon	Non-Executive Director	7/10/2014	-
Geoffrey Charles Earl Wild	Non-Executive Director	7/10/2014	-
Brendon Cook	Executive Director	7/10/2014	-



# DIRECTORS' REPORT

## CONTINUED

### Information on Directors



**MICHAEL ANDERSON**  
Chairman  
Independent  
Non-Executive Director

Michael Anderson has been a Director of oOh!media since July 2013.

Michael has been in the media industry for over 20 years, including the role of Chief Executive of Austereo Limited from 2003 until 2010.

During his time with Austereo he focused the company on building strong station brands and adapting the business to the changing media market, including building and maintaining market leadership and developing new strategic directions, focusing on target audiences and adapting to increased competition. He also led the company to embrace the digital challenge, creating market leadership online and on air, launching Australia's first commercial digital station. He launched a nationwide digital network and Australia's first digital radio station.

Michael is a Non-Executive Director of Fairfax Media and Oztam Pty Limited.



**DARREN SMORGON**  
Non-Executive Director

Darren Smorgon has been a Director of oOh!media since March 2012.

Darren is a Director of CHAMP Private Equity, and has been with the CHAMP Group since 1999. His responsibilities include all aspects of the investment and portfolio company management processes.

Darren is a member of the Board of Directors and on the Investment Committee of the CHAMP Group. He is also a Director of several CHAMP portfolio companies including Golding Contractors Pty Limited. He was formerly a Director of Study Group International, LCR Group, Penrice Soda Products Pty Ltd and Australian Discount Retail Pty Ltd.

Darren holds Bachelor of Economics (with Merit) and Master of Commerce (with Merit) degrees from the University of New South Wales, and a Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia.



**TONY FAURE**  
Independent  
Non-Executive Director

Tony Faure has been a Director of oOh!media since February 2014.

Tony has deep experience in traditional and digital media and marketing, having run both small and large companies, and is passionate about ideas that use technology to push limits and create new experiences for consumers.

Tony has extensive board experience including current positions as Chairman at Stackla, Sound Alliance, Torque Data and Pollenizer. Tony is also a Non-Executive Director of Private Media & biNu.

Tony has previously served as Non-Executive Director of Seek, iSelect and Business Spectator/Eureka Report, Chairman of Lasttix.com.au, Chief Executive Officer of ninemsn, Chief Executive Officer and Founder of HomeScreen Entertainment, and held positions at Yahoo! including Regional Vice President, South Asia and Managing Director of Yahoo! Australia and New Zealand.



**GEOFF WILD AM**  
Non-Executive Director

Geoffrey Charles Earl Wild has been a Director of oOh!media since July 2007.

Geoffrey, also known as Geoff, AM, FAI (dip.) FAICD co-founded Clemenger Advertising Agency in 1972 in Sydney and merged with US-based BBDO Group, where he oversaw a Pan-Asian expansion strategy through acquisition and start-up.

Geoff currently serves as Chairman of WPP Holdings (Australia) Pty Limited, as well as Arab Bank of Australia Limited since 2011 (Director since 1995) while also serving as Director of related entities and of IBISWorld. Geoff has been a former Director of OPSM, the Professional Golf Association, NSW TAB, South Pacific Advisory Board of Imperial Chemical Industries (ICI PLC) and served as Non-Executive Chairman of ComOps Ltd, the Advertising Federation of Australia and the Advertising Industry Council.

Geoff's distinguished career in advertising and marketing for 30 years includes Vice President of Sydney Olympic Bid Company Limited and NSW Tourism Commission.

He was awarded the Order of Australia (AM) in the Queen's Birthday Honours List in 2000, is a Fellow of the Advertising Institute (by examination) FAIA, and is a fellow of the Australian Institute of Company Directors (FAICD).



**DEBBIE GOODIN**  
Independent  
Non-Executive Director

Debbie Goodin has been a Director of oOh!media since November 2014.

Debbie has more than 20 years' senior management experience with professional services firms, government authorities and ASX listed companies across a broad range of industries and service areas.

Her executive experience in finance, operations, corporate strategy and mergers and acquisitions included service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, and as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and then Global Head of Operations, at Coffey International Limited where she led geosciences, project management and international development businesses.

Debbie is an experienced company director and audit committee chair. She is currently a Non-Executive Director of Senex Energy, Adelaide-based Beyond Bank Australia and Victorian government owned City West Water and a member of the Finance Committee for Melbourne's Royal Women's Hospital.

Debbie holds a Bachelor of Economics from Adelaide University, is a Fellow Chartered Accountant (FCA) and member of the Institute of Company Directors (MAICD).



**BRENDON COOK**  
Chief Executive  
Officer

Brendon Cook founded oOh!media in 1989.

With over 35 years' experience in outdoor advertising, Brendon Cook has been at the forefront of the Out Of Home advertising business in Australia and New Zealand, creating a multi-award winning company and being actively involved in pioneering the industry's move into digital.

Under Brendon's leadership, the business has seen nine years of consecutive revenue growth through strategic acquisitions, organic growth, and the development and introduction of several new environments to capitalise on the growth in digital and people's increasing habits away from home.

Brendon is a founding and current board member of the Outdoor Media Association and was instrumental in the development of the MOVE (Measurement of Outdoor Visibility and Exposure) project, a system that allowed for improved accuracy in reporting measurable outcomes to clients using Out Of Home media.



# DIRECTORS' REPORT

## CONTINUED

### Company Secretary

**Michael Egan** (appointed 7 October 2014)

Michael Egan is Company Secretary of oOh!media and its controlled entities. Michael has a range of experience in the Chartered Accounting profession, in business and in consulting. Michael has held Directorships in ASX listed companies and in Australian subsidiaries of multi-national companies including Anglo-Australian group Rio Tinto and Hoechst (Germany).

## 9. Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of oOh!media during the financial year are:

Name of Directors	Special Responsibilities	oOh!media Limited	
		Held	Attended
Michael Anderson	Chairman of the Board, Chairman of the Remuneration and Nomination Committee and a member of the Audit Risk and Compliance Committee.	1	1
Tony Faure	Member of the Remuneration and Nominations Committee	1	1
Debbie Goodin	Chairman of the Audit, Risk and Compliance Committee	1	1
Darren Smorgon	Member of the Audit, Risk and Compliance Committee	1	-
Geoffrey Charles Earl Wild	Member of the Remuneration and Nominations Committee	1	1
Brendon Cook	Chief Executive Officer	1	1

The number of each Board committee meetings held during the year ended 31 December 2014 were:

Committee Members		Audit Risk and Compliance Committee	
		Held	Attended
Debbie Goodin	Chairman of the Audit, Risk and Compliance Committee	1	1
Michael Anderson	Member of the Audit, Risk and Compliance Committee	1	-
Darren Smorgon	Member of the Audit, Risk and Compliance Committee	1	1

Remuneration and Nominations Committee meetings were not held during the period ended 31 December 2014.

## 10. Directors' Interests in Shares, Rights and Options of the Company

The relevant interests of each Director in the equity of oOh!media and related bodies corporate as at the date of this report are disclosed in the Remuneration Report.

## 11. Indemnification and Insurance of Directors and Officers

### Indemnification

oOh!media, to the extent permitted by law, indemnifies each Director, alternate Director and executive officer of oOh!media on a full indemnity basis and to the full extent permitted by law against all losses, liability, costs, charges and expenses incurred by that person as an officer of oOh!media or one of its related bodies corporate.

oOh!media, to the extent permitted by law, may purchase and maintain insurance, or pay, or agree to pay, a premium for insurance for each Director, alternate Director and executive officer of oOh!media against any liability incurred by that person as an officer of oOh!media or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings whether civil or criminal and whatever their outcome.

oOh!media may enter into contracts with a Director or former Director agreeing to provide continuing access to Board papers, books, records and documents of oOh!media which relate to the period during which the Director or former Director was a Director. oOh!media may arrange that its related bodies corporate provide similar access to board papers, books, records or documents.

### Insurance premiums

oOh!media has paid insurance premiums in respect of Directors' and Officers' liability insurance and Prospectus liability insurance contracts for the year ended 31 December 2014 and since the end of the financial year. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of oOh!media.

## 12. Environmental Regulation

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

## 13. Non-Audit Services

During the year, KPMG, oOh!media's auditor has performed certain other services in addition to its statutory duties. The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirement of the *Corporations Act 2001* (Cth) for the following reasons:

- All non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with governance throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to audit independence as set out in the *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards.

Details on the audit and non-audit service fees paid or payable to oOh!media's auditors during the year are disclosed in Note 37 of the Financial Report.

## 14. Proceedings on behalf of the Group

No proceedings have been brought on behalf of the Group, nor have any applications been made in respect of the Group under section 237 of the *Corporations Act 2001* (Cth).

## 15. Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the financial year ended 31 December 2014.



# DIRECTORS' REPORT

CONTINUED

## 16. Rounding of Amounts

The Company is a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

## 17. Audited Remuneration Report

The Remuneration Report is attached and forms part of this Directors' Report.

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

Signed on behalf of the Directors.



**Brendon Cook**  
Director

Sydney

20 March 2015

# AUDITOR'S INDEPENDENCE DECLARATION



## *Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of oOh!media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



**John Wigglesworth**  
*Partner*

Sydney

20 March 2015

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# OPERATING AND FINANCIAL REVIEW

The Directors are pleased to present the full year Operating and Financial Review (OFR) for oOh!media. oOh!media completed an Initial Public Offering on the Australian Securities Exchange on 17 December 2014. This review covers the period from 1 January 2014 to 31 December 2014 including the prior corresponding period.

The OFR is provided to assist shareholders' understanding of oOh!media's business performance and the factors underlying its results and financial position. Given oOh!media listed in December 2014, comparisons both to the previous financial year and to the forecast contained in the IPO Prospectus (Forecast) are provided on both a Statutory and Pro Forma basis.

The Directors believe that the Pro Forma presentation of results is a better indicator of underlying performance and differs from the Statutory presentation. The Pro Forma results reflect the full year effect of the operating and capital structure that was put in place at the time of the IPO and excludes the costs of the IPO, one-off tax implications arising as a result of the IPO and other non-recurring items which are not expected to occur in the future.

## Overview

oOh!media delivered strong financial results for the financial year ended 31 December 2014 compared to CY2013 and to CY2014 Forecast on both a Statutory and Pro Forma basis.

Table 1a: Summary Financial Information: Pro Forma CY2014 and CY2013

\$'m	Pro Forma				
	CY2014			CY2013	
	Actual	Forecast	Change (%)	Actual	Change (%)
Revenue	260.8	258.2	1.0%	243.5	7.1%
EBITDA (pre-impairment charge) <sup>(1)</sup>	42.1	40.3	4.7%	33.0	27.9%
Net Profit After Tax ("NPAT")	(1.9)	(2.6)	27.7%	(3.9)	50.9%
Adjusted NPAT <sup>(2)</sup>	18.2	17.5	4.0%	5.6	222.3%

Table 1b: Summary Financial Information: Statutory CY2014 and CY2013

\$'m	Statutory				
	CY2014			CY2013	
	Actual	Forecast	Change (%)	Actual	Change (%)
Revenue	261.3	258.6	1.0%	250.4	4.4%
EBITDA (pre-impairment charge) <sup>(1)</sup>	35.9	30.9	16.2%	29.1	23.6%
Net Profit After Tax ("NPAT")	(24.8)	(28.5)	13.0%	(18.9)	(31.1)%
Adjusted NPAT <sup>(2)</sup>	(4.7)	(8.4)	43.7%	(9.4)	49.7%

### Notes to Table 1a and 1b:

1. EBITDA (pre-impairment) has been determined on a basis consistent with the presentation in the IPO Prospectus and includes IPO related expenses of \$6.1 million. IPO expenses are excluded from oOh!media's segment profit measure disclosed in the financial statements.

2. Adjusted NPAT is defined as Net Profit After Tax before acquired amortisation (after tax) and non-cash items such as impairments. oOh!media's Senior Management believes Adjusted NPAT is an important measure of the underlying earnings of the business due to the number of acquisitions undertaken during historical periods which resulted in higher than normal amortisation, which represents a non-cash charge.

Pro Forma revenue of \$260.8 million was 1.0% above the Forecast of \$258.2 million and 7.1% above the prior period result of \$243.5 million. Statutory revenue of \$261.3 million was 1.0% above the Forecast of \$258.6 million and 4.4% above the prior period result of \$250.4 million.

Pro Forma EBITDA of \$42.1 million was 4.7% above Forecast and 27.9% above the prior period result of \$33.0 million. Statutory EBITDA was 16.2% higher than Forecast and 23.6% higher than the prior period.

Pro Forma Adjusted NPAT of \$18.2 million was 4.0% above Forecast and 222.3% above the prior period result of \$5.6 million. Statutory Adjusted NPAT was a loss of \$4.7 million or \$3.7 million favourable to Forecast and \$4.7 million favourable to the prior period.

Table 2: Revenue, gross profit and operating expenditure: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory			Pro Forma		
	CY2014 Actual	CY2014 Forecast	CY2013 Actual	CY2014 Actual	CY2014 Forecast	CY2013 Actual
Revenue	261.3	258.6	250.4	260.8	258.2	243.5
Cost of media sites and production	(173.3)	(173.0)	(167.5)	(172.9)	(172.6)	(162.2)
<b>Gross profit</b>	<b>88.0</b>	<b>85.6</b>	<b>82.9</b>	<b>88.0</b>	<b>85.6</b>	<b>81.3</b>
Total operating expenditure	(52.1)	(54.7)	(53.8)	(45.8)	(45.3)	(48.3)
<b>EBITDA (pre-impairment charge)</b>	<b>35.9</b>	<b>30.9</b>	<b>29.1</b>	<b>42.1</b>	<b>40.3</b>	<b>33.0</b>
EBITDA margin %	13.7%	11.9%	11.6%	16.2%	15.6%	13.6%

CY2014 Pro Forma revenue grew at 7.1% and was 1.0% above Forecast. At the same time, the EBITDA margin improved to 16.2% on a Pro Forma basis and 13.7% on a Statutory basis reflecting improved operating efficiency versus CY2013.

Table 3: Summary of digital metrics

\$'m	Statutory		Pro Forma		
	CY2014 Actual	CY2014 Forecast	CY2014 Actual	CY2014 Forecast	CY2013 Actual
Revenue growth	4.4%	3.3%	7.1%	6.0%	2.8%
Digital revenue growth	46.8%	37.9%	46.8%	37.9%	60.5%
Digital media revenue as % of total revenue	23.2%	22.0%	23.2%	22.0%	16.9%
Active faces	25,514	25,760	25,514	25,760	23,994
Digital active faces	10,887	9,730	10,887	9,730	8,136

In addition to the continued strong performance of our core static assets in Road, Retail, Fly and Place across metropolitan and regional Australia, another key contributor to growth has been the roll out of oOh!media's digital strategy.

Table 3 highlights the key measures indicating the progress of oOh!media's comprehensive digital strategy. Digital revenue achieved strong year on year growth of 46.8% compared to the Forecast of 37.9%. Digital media revenue as a percentage of total revenue for the CY2014 period was 23.2% against a Forecast of 22.0%, and prior year result of 16.9%.

## Divisional Performance

Table 4: Revenue by division: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory		Pro Forma		
	CY2014 Actual	CY2013 Actual	CY2014 Actual	CY2014 Forecast	CY2013 Actual
Road	102.3	106.6	102.3	101.9	102.8
Retail	89.5	84.6	89.1	90.7	82.2
Fly	51.0	42.0	51.0	47.1	43.4
Place	8.8	5.4	8.8	8.5	5.4
<b>Australia</b>	<b>251.6</b>	<b>238.6</b>	<b>251.1</b>	<b>248.2</b>	<b>233.8</b>
New Zealand	9.7	9.7	9.7	10.0	9.7
Discontinued operations	-	2.0	-	-	-
<b>Total revenue</b>	<b>261.3</b>	<b>250.4</b>	<b>260.8</b>	<b>258.2</b>	<b>243.5</b>



## OPERATING AND FINANCIAL REVIEW

### CONTINUED

All operating divisions made a significant contribution to the oOh!media's strong financial performance.

#### Road

The Road division performed in line with expectations, over achieving versus the Forecast by 0.3% on a Pro Forma basis. Against CY2013, Pro Forma revenue was marginally lower by 0.5% mainly due to the business not renewing or re-tendering for loss-making or marginally profitable contracts.

#### Retail

Against CY2013, Retail revenue grew 8.3% and 5.9% on a Pro Forma and Statutory basis respectively, reflecting the continuing growth and roll out of digital signage assets across oOh!media's national retail network. Pro Forma revenue was 1.7% lower than Forecast as a result of lower than expected ancillary revenue associated with production, installation and creative services, with core media revenue in line with Forecast.

#### Fly

The Fly division grew strongly in CY2014 achieving a 17.5% increase on a Pro Forma basis and 21.5% on a Statutory basis. Growth was driven by the establishment of the Qantas Lounges business which featured the integrated QView Content platform and which was instrumental in attracting a number of key clients with marquee branding campaigns to the airport environment. The Fly division achieved a full year revenue result 8.2% above Forecast.

#### Place

The Place division achieved revenue growth over the prior period of 63.7% and 62.5% on a Pro Forma and Statutory basis respectively, in CY2014. Growth was driven by expansion of the number of faces across the division, strong performance of the Hijacked study social media product in universities and substantially improved site occupancy reflecting the continued maturing of the business. The division achieved a revenue result 4.1% above Forecast both on a Pro Forma and Statutory basis.

#### New Zealand

The New Zealand business' revenues were relatively stable in CY2014 ending the year 0.2% lower than CY2013 on a Statutory and Pro Forma basis, as a result of the Auckland Airport contract expiring in October 2014. Excluding the impact of the Auckland Airport contract, the division achieved growth closely in line with expectations ending the year 3.1% marginally below Forecast.

## Profitability Discussion

Table 5: Profile of direct and operating expenses: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory			Pro Forma		
	CY2014 Actual	CY2014 Forecast	CY2013 Actual	CY2014 Actual	CY2014 Forecast	CY2013 Actual
Revenue	261.3	258.6	250.4	260.8	258.2	243.5
Cost of media sites and production	(173.3)	(173.0)	(167.5)	(172.9)	(172.6)	(162.2)
<b>Gross profit</b>	<b>88.0</b>	<b>85.6</b>	<b>82.9</b>	<b>88.0</b>	<b>85.6</b>	<b>81.3</b>
Employee benefit expense	(36.5)	(39.0)	(36.8)	(32.4)	(31.7)	(33.6)
Other operating expenses	(15.5)	(15.7)	(17.0)	(13.4)	(13.7)	(14.8)
<b>Total operating expenditure</b>	<b>(52.1)</b>	<b>(54.7)</b>	<b>(53.8)</b>	<b>(45.8)</b>	<b>(45.3)</b>	<b>(48.3)</b>
<b>EBITDA (pre-impairment charge)</b>	<b>35.9</b>	<b>30.9</b>	<b>29.1</b>	<b>42.1</b>	<b>40.3</b>	<b>33.0</b>

Higher than expected revenue versus the Forecast resulted in variable expenses being greater than expected. Notwithstanding this, the EBITDA margin improved versus both the prior year and outperformed versus the forecast.

The cost of media sites and production ended the CY2014 year 0.2% higher than Forecast on both a Statutory and Pro Forma basis. This reflects a favourable outcome as revenue over achieved by 1.0% to Forecast. Statutory employee expense ended CY2014 \$2.5 million below Forecast as a result of lower costs associated with closing out the Legacy Management Equity Plan. The costs to close out the Legacy MEP are one-off in nature and have no impact on the Pro Forma results nor future Legacy MEP costs.

On a Pro Forma basis employee expenses were lower than prior year reflecting the full year impact of synergies achieved from the merger of Eye Corp and oOh!media. Pro Forma employee expenses finished the year higher than forecast due to higher commissions and year-end bonus provisioning to support the overall favourable CY2014 results.

In CY2014, other operating expenses were 1.7% and 0.9% lower than forecast on a Pro Forma and Statutory basis, respectively. Other expenses were lower than the prior year reflecting the full year impact of synergies achieved from the merger of Eye Corp and oOh!media.

Table 6: Other costs: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory			Pro Forma		
	CY2014 Actual	CY2014 Forecast	CY2013 Actual	CY2014 Actual	CY2014 Forecast	CY2013 Actual
<b>EBITDA (pre-impairment charge)</b>	<b>35.9</b>	<b>30.9</b>	<b>29.1</b>	<b>42.1</b>	<b>40.3</b>	<b>33.0</b>
Depreciation	(13.5)	(14.2)	(14.3)	(13.5)	(14.2)	(14.3)
<b>EBITA (pre-impairment charge)</b>	<b>22.4</b>	<b>16.7</b>	<b>14.8</b>	<b>28.7</b>	<b>26.1</b>	<b>18.7</b>
Amortisation	(8.9)	(9.0)	(9.5)	(8.9)	(9.0)	(9.5)
<b>EBIT</b>	<b>13.5</b>	<b>7.7</b>	<b>5.3</b>	<b>19.7</b>	<b>17.1</b>	<b>9.2</b>
Net finance costs <sup>(1)</sup>	(26.0)	(26.2)	(21.9)	(3.8)	(4.1)	(4.5)
Share of NPAT from associates	0.3	0.2	-	0.3	0.2	-
Impairment charge	(11.1)	(11.1)	-	(11.1)	(11.1)	-
<b>Profit / (loss) before tax</b>	<b>(23.3)</b>	<b>(29.4)</b>	<b>(16.6)</b>	<b>5.1</b>	<b>2.1</b>	<b>4.7</b>
Income tax (expense)/benefit	(1.5)	0.9	(2.3)	(7.0)	(4.7)	(8.6)
<b>Profit / (loss) after tax</b>	<b>(24.8)</b>	<b>(28.5)</b>	<b>(18.9)</b>	<b>(1.9)</b>	<b>(2.6)</b>	<b>(3.9)</b>
Add: Amortisation	8.9	9.0	9.5	8.9	9.0	9.5
Add: Impairment charge	11.1	11.1	-	11.1	11.1	-
<b>Adjusted NPAT</b>	<b>(4.7)</b>	<b>(8.4)</b>	<b>(9.4)</b>	<b>18.2</b>	<b>17.5</b>	<b>5.6</b>

**Note to Table 6:** 1. Net finance costs as presented in Table 6 are the net costs to the business for interest expense on debt, cash and cash equivalent facilities. Net finance costs as presented in Table 7 is the reconciling difference between the amounts presented in the Statutory and Pro Forma results.

Table 6 highlights that CY2014 has been a year of transition as a result of oOh!media becoming a publicly listed company.

Additional information on the key drivers of costs below EBITDA that have had an impact on Statutory and Pro Forma NPAT and adjusted NPAT are outlined below.

#### Depreciation

Depreciation was \$13.5 million for CY2014, a decrease of \$0.7 million over both the prior year and Forecast on a Pro Forma basis. The main driver of the reduced cost to prior year was the half year impairment of non-digital assets. Capital expenditure was below forecast for CY2014 also contributing the lower cost to forecast.

#### Amortisation

Amortisation was \$8.9 million for CY2014, in line with the Forecast and \$0.6 million below CY2013. The lower amortisation in CY2014 is a result of certain intangible assets being fully written down.

#### Net finance costs

Statutory net finance costs were \$26.0 million, an increase of \$4.1 million over CY2013 and \$0.2 million lower than forecast. The increase over prior year was a result of the write-off of deferred borrowing costs in relation with the close out of the pre-IPO banking facility.

Pro Forma net financing costs were \$3.8 million for CY2014, a decrease of \$0.7 million over CY2013 and \$0.2 million lower than Forecast. Pro Forma interest costs reflect the estimated interest costs of the capital structure following the IPO which resulted in lower levels of debt funding and lower interest rates than under the Statutory capital structure.

#### Share of NPAT of associates

Share of NPAT from associates was \$0.3 million, an increase of 33.5% against Forecast on both a Statutory and Pro Forma basis. The associated venture performed well as a result of a large contract that persisted through to the end of financial year.

#### Impairment charge

The impairment charge of \$11.1 million, included \$4.6 million of Goodwill and Intangibles in New Zealand that were deemed to have been impaired due to the end of a related contract and \$6.5 million in Australia in relation to Plant and Equipment, was in line with expectations.

#### Income Tax Expense

Statutory income tax expense of \$1.5 million was \$2.3 million higher than the Forecast as a result of higher pre-tax profits. Statutory income tax expense was \$0.8 million lower than CY2013. Pro Forma income tax expense of \$7.0 million was \$2.2 million higher than Forecast as a result of higher pre-tax profits. Pro Forma tax expense was \$1.6 million lower than prior year.



# OPERATING AND FINANCIAL REVIEW

## CONTINUED

Table 7: Pro Forma adjustments to Statutory results for CY2014 and CY2013 revenue and NPAT

\$'m	CY2014 Actual	CY2014 Forecast	CY2013 Actual
<b>Statutory revenue</b>	<b>261.3</b>	<b>258.6</b>	<b>250.4</b>
Discontinued operations	(0.5)	(0.4)	(6.9)
<b>Pro Forma revenue</b>	<b>260.8</b>	<b>258.2</b>	<b>243.5</b>
<b>Statutory NPAT</b>	<b>(24.8)</b>	<b>(28.5)</b>	<b>(18.9)</b>
Discontinued operations	0.1	0.1	0.2
Transaction costs and shareholder fees	3.3	3.3	4.9
Listed public company costs	(1.1)	(1.1)	(1.2)
Net finance costs	22.1	22.1	17.4
Legacy Management Equity Plan	3.9	7.0	-
Prior period tax asset write-off	1.9	1.9	-
Income tax impact	(7.4)	(7.5)	(6.3)
<b>Pro Forma NPAT</b>	<b>(1.9)</b>	<b>(2.6)</b>	<b>(3.9)</b>

Table 7 provides a reconciliation of movements from Statutory to Pro Forma results for revenue and NPAT. The objective of the adjustments are to re-state the CY2014 Statutory results as if the operating and capital structure following the IPO in December 2014 had been in place from the beginning of the financial year and also to remove the effect of one-off costs associated with the business preparing and transitioning to a publicly listed entity.

One-off costs included transaction costs and shareholder fees, and costs to close out the pre-existing MEP. Listed public company costs and net finance costs represent cost adjustments associated with restating the Statutory results as if the operating and capital structure had been in place from the beginning of CY2014.

### Review of Financial Position

The balance sheet as at 31 December, 2014 shows a strong financial position and reflects the impact of further deleveraging during the year. At 31 December 2014 the Net Assets of the Group were \$241.6 million, an increase of \$140.1 million over 31 December 2013 reflecting the impact of the IPO, and an increase of \$12.4 million over Pro Forma 30 June 2014.

From the period 30 June 2014 to 31 December 2014 Pro Forma net debt reduced from \$76.3 million to \$61.7 million resulting in oOh!media's net debt to Pro Forma EBITDA, declining from 1.9x to 1.5x.

Table 8: Statement of financial position: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory 31-Dec-14	Pro Forma 30-Jun-14	Statutory 31-Dec-13
Cash and cash equivalents	20.2	5.6	15.5
Trade and other receivables	52.2	56.5	48.2
Income tax receivable	1.7	3.7	2.0
Other assets	11.7	4.3	6.6
<b>Total current assets</b>	<b>85.8</b>	<b>70.1</b>	<b>72.3</b>
Property, plant and equipment	62.4	64.1	71.1
Intangible assets and goodwill	217.6	225.9	226.7
Investments in equity-accounted investees	0.3	-	-
Deferred tax asset	9.8	10.7	5.9
<b>Total non-current assets</b>	<b>290.1</b>	<b>300.7</b>	<b>303.7</b>
<b>Total assets</b>	<b>375.9</b>	<b>370.8</b>	<b>376.0</b>
Trade and other payables	26.5	33.8	28.7
Borrowings	0.2	0.1	10.3
Deferred consideration	2.3	1.1	-
Provisions	8.8	9.7	6.7
<b>Total current liabilities</b>	<b>37.8</b>	<b>44.7</b>	<b>45.7</b>
Borrowings	81.7	81.8	198.3
Deferred consideration	-	2.2	13.3
Provisions	14.7	12.9	15.4
Derivative liability interest rate swaps	0.1	-	1.7
<b>Total non-current liabilities</b>	<b>96.4</b>	<b>96.9</b>	<b>228.7</b>
<b>Total liabilities</b>	<b>134.3</b>	<b>141.6</b>	<b>274.5</b>
<b>Net assets</b>	<b>241.6</b>	<b>229.2</b>	<b>101.5</b>
Contributed equity	283.6	303.0	142.1
Reserves	24.6	7.6	1.2
Accumulated losses	(66.4)	(81.3)	(41.6)
Non-controlling interest	(0.1)	(0.1)	(0.1)
<b>Total equity</b>	<b>241.6</b>	<b>229.2</b>	<b>101.5</b>

Table 8 compares the balance sheet Statutory financial position as at 31 December 2014 with the Pro Forma financial position as at 30 June 2014. The Pro Forma financial position, rather than a Statutory position, is presented for 30 June 2014 because the Pro Forma is adjusted to include the impact of the IPO and the proposed new funding structure. oOh!media's Senior Management believes this provides a more meaningful comparison basis as opposed to the financial position as at 31 December 2013, which reflected the capital structure prior to the IPO.



# OPERATING AND FINANCIAL REVIEW

## CONTINUED

Table 9: Net indebtedness and credit metrics: Statutory and Pro Forma 2014

\$'m	Statutory 31-Dec-14	Pro Forma 30-Jun-14
Borrowings	81.9	82.0
Cash and cash equivalents	(20.2)	(5.6)
<b>Net total indebtedness</b>	<b>61.7</b>	<b>76.3</b>
Net debt / CY2014 pro forma EBITDA	1.5x	1.9x
CY2014 pro forma EBITDA / pro forma net finance costs	11.0x	9.9x

Table 9 presents the components of net indebtedness on a Statutory basis as at 31 December 2014 and for comparative purposes on Pro Forma basis as at 30 June 2014 per the Prospectus disclosures. Net total indebtedness ended the CY2014 period at \$61.7 million or \$14.6 million lower than the 30 June 2014 Pro Forma position. The reduction in net indebtedness was a result of the increase in cash and cash equivalents generated over the second half of 2014. As a result of the higher level of cash at year end and the greater than Forecast EBITDA performance, the credit ratios as at 31 December 2014 reflect an improvement over the June Pro Forma position.

### Review of Cash Flows

Table 10: Statement of cash flows: Statutory and Pro Forma CY2014 and CY2013

\$'m	Statutory		Pro Forma		
	CY2014 Actual	CY2014 Forecast	CY2014 Actual	CY2014 Forecast	CY2013 Actual
EBITDA (pre-impairment charge)	35.9	30.9	42.1	40.3	33.0
Non-cash items in EBITDA	5.8	9.1	1.9	2.0	2.7
Changes in working capital	(3.2)	(1.8)	(3.2)	(1.8)	(1.5)
Cash received from equity-accounted investees	0.0	0.2	0.0	0.2	-
<b>Free cash flow</b>	<b>38.4</b>	<b>38.4</b>	<b>40.8</b>	<b>40.7</b>	<b>34.2</b>
Payments for acquisition	(22.5)	(22.0)	(7.5)	(7.0)	(4.6)
Maintenance capital expenditure	(3.1)	(4.5)	(3.1)	(4.5)	(3.3)
Growth capital expenditure	(9.3)	(9.8)	(9.3)	(9.7)	(7.9)
<b>Capital expenditure</b>	<b>(12.3)</b>	<b>(14.3)</b>	<b>(12.3)</b>	<b>(14.3)</b>	<b>(11.2)</b>
Proceeds from disposal of property, plant and equipment	-	-	-	-	0.4
<b>Net cash flow before financing and taxation</b>	<b>3.6</b>	<b>2.1</b>	<b>21.0</b>	<b>19.4</b>	<b>18.8</b>
Tax paid	(0.4)	(1.6)	(0.4)	(1.6)	-
Interest and other costs paid on borrowing	(11.6)	(12.0)	(3.9)	(3.9)	-
Repayment of bank borrowings	(170.9)	(145.3)	-	-	-
Net proceeds from banking facility	102.7	81.6	-	-	-
Repayment of Exchangeable Notes	(74.3)	(74.8)	-	-	-
Payment of interest rate swaps	(1.8)	(1.6)	-	-	-
Proceeds from issue of shares	166.6	166.3	0.2	0.2	-
Repayment of finance leases	(0.2)	(0.2)	(0.2)	(0.2)	-
IPO transaction costs	(8.0)	(8.3)	-	-	-
Net cost to cancel existing management equity plan	(1.0)	(1.0)	-	-	-
<b>Net cash flow before dividend</b>	<b>4.7</b>	<b>5.2</b>	<b>16.7</b>	<b>13.9</b>	<b>18.8</b>
Payment of dividends	-	-	-	-	-
<b>Net cash flow</b>	<b>4.7</b>	<b>5.2</b>	<b>16.7</b>	<b>13.9</b>	<b>18.8</b>
Free cash flow conversion <sup>(1)</sup>	107%	124%	97%	101%	104%

Note to Table 10: 1. Free cash flow conversion calculated as free cash flow divided by EBITDA (pre-impairment charge)

Free cash flow for CY2014 was in line with Forecast on both a Pro Forma and Statutory basis. In comparison with CY2013, free cash flow increased \$6.6 million or 19.2% on a Pro Forma basis. On a Statutory basis, the variance in non-cash items in EBITDA, and EBITDA (pre-impairment charge) relates to the lower cost to close out the MEP.

Net cash flow before financing and taxation ended the CY2014 period \$1.6 million or 7.9% higher than Forecast and \$2.2 million or 11.4% above CY2013 on a Pro Forma basis. The increase in net cash flow to Forecast was primarily a result of a higher EBITDA performance and lower maintenance capital expenditure. Against CY2013, the higher EBITDA, offset by acquisition payments and increased growth capital expenditure were the main drivers of the increase in net cash flow.

Pro Forma net cash flow for CY2014 of \$16.7 million was \$2.8 million or 19.7% ahead of Forecast as a result of the higher net cash flow before financing and taxation and lower cash taxes paid during the period. Statutory net cash flow for CY2014 of \$4.7 million was \$0.5 million below Forecast as lower cash interest and taxes were offset by a higher net repayment of bank borrowings. Variances in net proceeds from banking facility and repayment of bank borrowings, on a Statutory basis, are a result of presentation in the Forecast of these items on a net basis whereas in the actual results they are presented on a gross basis.

Free cash flow conversion, on a Statutory basis, tracked below Prospectus as a result of the value of non-cash items within EBITDA being lower than Forecast. On a Pro Forma basis free cash flow conversion was in line with Forecast.

Table 11: Statutory to Pro Forma cash flow reconciliation

\$'m	CY2014 Actual	CY2014 Forecast	Change (\$m)	Change (%)
<b>Statutory net cash flow</b>	<b>4.7</b>	<b>5.2</b>	<b>(0.5)</b>	<b>(10.7)%</b>
Discontinued operations	-	0.1	(0.1)	(100.0)%
Listed public company costs	(1.1)	(1.1)	(0.0)	0.0%
Legacy Management Equity Plan	1.0	1.0	(0.0)	0.5%
Deferred consideration for acquisition of EYE	15.0	15.0	(0.0)	0.0%
Net finance costs	8.2	8.1	0.1	0.8%
Repayment of bank borrowings	170.9	145.3	25.6	17.6%
Net proceeds from banking facility	(102.7)	(81.6)	(21.1)	(25.9)%
Repayment of Exchangeable notes	74.3	74.8	(0.5)	(0.7)%
Payment of interest rate swaps	1.8	1.6	0.2	11.0%
Proceeds from issue of shares	(166.6)	(166.1)	(0.5)	(0.3)%
Transaction costs and shareholder fees	11.4	11.6	(0.2)	(1.7)%
<b>Pro forma net cash flow</b>	<b>16.7</b>	<b>13.9</b>	<b>2.8</b>	<b>20.3%</b>

Table 11 explains the movement from Statutory to Pro Forma net cash flow. The primary difference between Statutory and Pro Forma net cash flow is the funds movements relating to the IPO. All reconciling items are in line with the Forecast with the exception of items relating to the repayment of bank borrowings, and net proceeds from banking facility. The difference between the Actual and Forecast banking movements is a result of presentation in the Forecast of banking items on a net versus gross basis. The main reconciling difference between the respective Pro Forma and Statutory net cash flow variances to Forecast is the higher repayment of bank borrowings which are only recognised on a Statutory basis.

# REMUNERATION REPORT

Message from the Chairman and Chair of the Remuneration and Nomination Committee (Unaudited)

Dear Shareholder,

The 2014 financial year has been a significant year for oOh!media, culminating in our successful listing on the ASX on 17 December 2014 and further our admittance into the S&P/ASX300 Index in March 2015.

Given this change in operating structure during the year, our Remuneration Report is designed to give clarity on our remuneration framework and arrangements for Senior Management with oOh!media now a listed entity and how this aligns to long term value creation for shareholders. It also provides specific detail on the legacy 2014 remuneration arrangements as appropriate for a company under private equity ownership.

In preparation for listing, the Board undertook a review of the remuneration arrangements for senior executives and Non-Executive Directors. The key objective of this review was to ensure oOh!media's remuneration framework was suitable and appropriate for a listed company. oOh!media's remuneration framework has been structured to ensure it is competitive, and supports and motivates Senior Management and the broader team to work towards both short and long term strategic objectives. A performance rights based Long Term Incentive Plan (LTI Plan) was introduced to drive both long term performance and retention of senior executives.

The performance measures implemented as part of the Short Term Incentive Plan (STI Plan) and LTI Plan programs strongly align the executives' remuneration outcomes with increased shareholder value. We have a clear line of sight between our goals, our strategy and the remuneration of our leaders, EBITDA and achievement of individual KPIs determine the STI Plan and CAGR in EPS is the primary measure for LTI Plan outcomes.

For 2014, Senior Management were paid between 73% and 80% of their STI Plan targets, which is based on EBITDA achievement and individual achievement against KPIs.

The following pages provide further detail on our remuneration framework and the link between Group performance and executive pay.

Yours sincerely



**Michael Anderson**  
Chairman and Chair of the Remuneration and Nomination Committee, oOh!media

Sydney

20 March 2015

The Directors are pleased to present the 2014 Remuneration Report which outlines remuneration information for Non-executive Directors, Executive Directors and other Key Management Personnel (together, KMP). The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

The Remuneration Report is presented under the following headings:

1. Introduction
2. Remuneration governance
3. Remuneration principles and strategy
4. Executive remuneration details
5. Details of share based compensation
6. Executive Contracts
7. Non-executive Directors' remuneration details

*Note: The Remuneration Report refers to a range of non-IFRS financial information including 'pro-forma EBITDA' and 'adjusted NPAT'. oOh!media believes this non-IFRS financial information provides useful insight to users in measuring the financial performance and condition of oOh!media. The definitions are consistent with those used in the Prospectus, have been reconciled to statutory financial measures within the operating and financial review and are explained in the glossary of the Annual Report.*

## 1.0 Introduction

The Remuneration Report has been prepared on a basis consistent to the financial statements and accordingly includes total remuneration details for calendar year 2014.

### 1.1 Key Management Personnel

Given the change in ownership structure as a result of the IPO, there has been significant change in Board composition in 2014. This Remuneration Report includes all individuals who were directors of either Outdoor Media Investments Limited (OMI) or oOh!media Limited (OML) during 2014 as these are deemed to have met the definition of KMP during the year. In the interests of clarity, we have identified two groups hereinafter referred to as "Current KMP" and "Former KMP".

Current KMP are the five Non-executive Directors and two Executives who have specific responsibility for planning, directing and controlling the material activities of oOh!media. There is an extended Senior Management team who support the Current KMP.

Former KMP are those individuals who served as directors of OMI in 2014 and resigned during the year. These individuals did not serve as directors of oOh!media.

This Remuneration Report explains the Board's approach to Non-executive Director and executive remuneration, performance and remuneration outcomes for oOh!media and its KMP.

#### List of KMP

Current KMP	
<b>Non-executives</b>	
<b>Michael Anderson</b>	Independent Non-executive Chairman
<b>Darren Smorgon</b>	Non-executive Director
<b>Geoffrey Wild</b>	Non-executive Director
<b>Tony Faure</b>	Independent Non-executive Director
<b>Debbie Goodin</b>	Independent Non-executive Director
<b>Executives</b>	
<b>Brendon Cook</b>	Chief Executive Officer
<b>Peter McClelland</b>	Chief Financial & Operating Officer
<b>Former KMP (OMI only: all resigned during 2014) - All Non-executives</b>	
<b>Patrick Rodden</b>	Non-executive Director
<b>Barry Zuckerman</b>	Non-executive Director
<b>Jennifer Tajeda</b>	Independent Non-executive Director
<b>Benjamin Sebel</b>	Non-executive Director



# REMUNERATION REPORT

CONTINUED

## 1.2 oOh!media's 2014 Performance

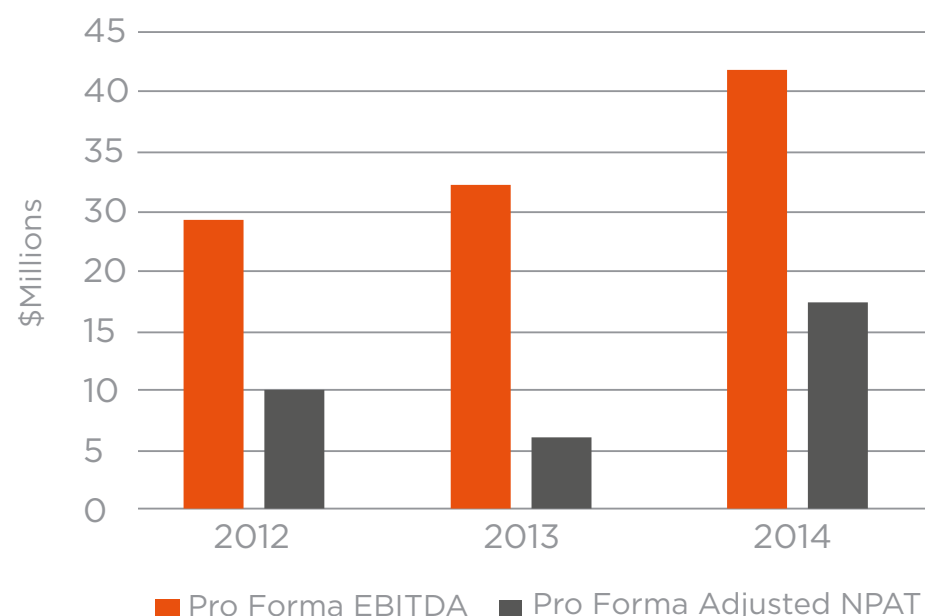
oOh!media was operating under private ownership until its listing on the Australian Securities Exchange on 17 December 2014. oOh!media's remuneration strategy in that context was structured to motivate Senior Management to deliver profitable revenue growth supported by efficient and effective business systems. Our experienced Senior Management has a proven record of delivering strong financial and operating performance, resulting in an impressive nine consecutive years of revenue growth. oOh!media has invested heavily in new media and digital capabilities to expand our market share in digital media. Our experienced and committed Senior Management, combined with increased market share in digital media, ideally positions oOh!media to continue delivering strong growth and increased shareholder value following public listing in December 2014.

## 1.3 Remuneration Linked to Performance and Shareholder Wealth

In considering oOh!media's performance and link to executive remuneration, the Remuneration and Nomination Committee considered that measures of CAGR in relation to Pro-forma EBITDA and Adjusted NPAT were the most relevant for performance in respect of the current financial year and previous two years. For long term incentive purposes as a listed company, CAGR of EPS is seen as the best measure of performance in relation to shareholder value moving forward as it directly links remuneration to the impact on shareholder wealth.

For the past three years, Pro Forma EBITDA and Adjusted NPAT have been:

Table 1: Pro Forma EBITDA and Adjusted NPAT Growth



## 2.0 Remuneration Governance

### 2.1 Remuneration and Nomination Committee

A Remuneration and Nomination Committee has been established with a clear charter and set of responsibilities. The key responsibilities of the Committee in relation to remuneration are:

- Review and recommend remuneration arrangements for Non-executive Directors and Executive Directors including the CEO and approve the remuneration of other Senior Management.
- Review major changes to the overall remuneration strategy or practices, including short term and long term incentive participation, performance targets and hurdles, and participation in the LTI Plan.
- Approve annual salary review budget and spend.
- Review major changes and developments in remuneration policy and people practices for the Group.
- Review and make recommendations on gender pay strategies.
- Approve the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth).
- Review and recommend to the Board the Remuneration Report for inclusion in the annual Directors' Report.

### 2.2 Service Contracts

oOh!media has entered into service contracts with each senior executive.

For Brendon Cook, Chief Executive Officer, the contract is capable of termination on 12 months' notice by either party. The Group retains the right to terminate a contract immediately by making payment equal to 12 months' fixed annual remuneration in lieu of notice, including superannuation plus any statutory entitlements of accrued annual and long service leave.

For Peter McClelland, Chief Financial and Operating Officer, the contract is capable of termination on six months' notice by oOh!media or three months' notice by Peter. The Group retains the right to terminate a contract immediately by making payment equal to six months' fixed annual remuneration in lieu of notice, including superannuation plus any statutory entitlements of accrued annual and long service leave.

The service contracts outline the components of compensation but do not prescribe how compensation levels are modified year to year. The Remuneration and Nomination Committee reviews compensation each year to take into account any changes in scope or nature of role, cost of living or agreed objectives to determine and recommend any changes in line with the remuneration strategy and principles.

### 2.3 Use of independent Remuneration Consultants

During 2014, oOh!media engaged Aon Hewitt and Pegala Consulting to review its remuneration structures and provide options related to current market practice. Subsequent changes implemented include a broad market banding approach to allow for easier market matching and internal benchmarking, a restructured STI Plan and new commission structures to drive a better focus on overall company goals. Aon Hewitt also provided benchmarking data related to a number of roles across oOh!media.

The Board subsequently engaged KPMG as a remuneration consultant to review the composition and quantum of the Key Management Personnel remuneration and provide benchmarking data and market information in relation to these roles.

The Board is satisfied that the remuneration benchmarking performed by KPMG was free from undue influence by members of the KMP. KPMG was required to provide the Board with a summary of the method used to carry out its work, details of the interaction with Key Management Personnel in relation to the assignment and other services, and respond to questioning by members of the Board after the completion of the assignment.

Neither KPMG nor Aon Hewitt/Pegala were engaged to provide remuneration recommendations, purely benchmarking and guidance on current market practices.

### 2.4 Diversity and Remuneration

The Board and Senior Management of oOh!media are focused on diversity and inclusion as a key business priority, particularly at senior levels. We are committed to addressing and promoting gender equality throughout our business and business practices.

As part of the 2015 annual remuneration review process, a pay by gender analysis was undertaken including a comparison of like roles, to identify any underlying disparity between male and female pay. Through the remuneration review process we consciously aimed to reduce any disparities in pay by prioritising spend towards females whose remuneration was below the average of their peers.

More information regarding oOh!media's approach to diversity can be found in the ESG Report.

# REMUNERATION REPORT

CONTINUED

## 2.5 oOh!media's Share Trading Policy

oOh!media has adopted a Policy for Dealing in Securities, the purpose of which is to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act. The policy is designed to establish best practice procedures for the buying and selling of securities that protects oOh!media, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Policy applies to all Directors, officers, senior executives and employees of the Group and their connected persons.

The Policy provides that relevant persons must not deal in oOh!media securities:

- Where they are in possession of material price-sensitive information;
- On a short-term basis (within a three month window); and
- During trading blackout periods (except in exceptional circumstances).

Otherwise trading will only be permitted in trading windows or in all other periods by:

- Directors, with the prior approval of the Chairman of the Board;
- The Chairman of the Board, with the prior approval of the Chairman of the Audit, Risk and Compliance Committee; and
- Senior Management, with the prior approval of the CEO.

## 3.0 Remuneration Principles and Strategy

### 3.1 Remuneration Principles

Our people are at the heart of oOh!media's success. To attract and retain the right talent to enable us to deliver on our vision and long-term goals, oOh!media's remuneration framework focuses on competitive fixed pay and variable pay that rewards achievement of the oOh!media's annual objectives and long term growth in shareholder value.

Remuneration is linked to achievement of business objectives through cascaded goals and KPIs. These are set at an all of business level, with subsequent goals developed for Senior Management. All employees are then engaged in setting their own goals and KPIs in agreement with management and in alignment to the overall strategic priorities.

With oOh!media's transition from private ownership to a listed public company, the Board reviewed the remuneration objectives, framework and approach to ensure they all support oOh!media's long term business strategy and are appropriate for oOh!media operating in a listed environment.

Our aim is to ensure that our remuneration practices are:

- Market competitive; and
- Performance related.

From an employee perspective, it is important that our remuneration practices are:

- Fair;
- Consistent across all levels of the organisation; and
- Easily understood.

oOh!media's remuneration framework seeks to align remuneration outcomes with both individual and company performance, ensuring that employees are rewarded for overall company achievement as well as their individual contribution to our success. This ensures that there is a clear line of sight between an individual's performance and their remuneration as well as remuneration and shareholder objectives.

### 3.2 Remuneration Strategy

In 2014 we have ensured that our remuneration framework is aligned to our business strategy as a listed public company. The framework is explained below. Our simple, transparent and easy to understand remuneration framework enables employees to clearly link their remuneration outcomes with performance at a company and individual level.

oOh!media's Remuneration Strategy		
Align remuneration with business strategy and growth in shareholder value Competitive remuneration framework to attract, motivate and retain talented employees who will drive innovation and sustainable growth		
Remuneration Principles		
Attract and retain key talent	Align reward with business strategy	
oOh!media is committed to rewarding all employees who contribute to oOh!media's success through fair and competitive remuneration.  Our remuneration framework is focused on aligning employee reward with both individual and business performance outcomes.	Key Performance Indicators (KPIs) are based on financial and non-financial measures.  Short term and long term components of executives' total remuneration are 'at risk' and based on performance.	
Application of Remuneration Principles		
Benchmarking remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
oOh!media ensures employees are rewarded fairly and appropriately for their contribution to oOh!media's success by benchmarking against comparable positions in comparable organisations.  Independent remuneration advice and guidance is sought to ensure remuneration at all levels is set competitively relative to industry peers and similarly sized publicly listed companies.  Gender remuneration analysis is undertaken and corporate objectives are established to achieve parity between male and female remuneration for like roles.	The STI is tied to achievement of business objectives over the short term (12 months).  STIs are measured on achievement of both financial and non-financial KPIs to create innovation and growth.  STI performance targets are based on: <ul style="list-style-type: none"> <li>• 70% on full year EBITDA (derived from oOh!media Limited's audited annual report)</li> <li>• 30% on achievement of Individual KPIs</li> </ul> Individual KPIs are set at the beginning of the performance period and are aligned to business level strategic priorities. For 2014 these included: <ul style="list-style-type: none"> <li>• Growing existing and new customer revenue</li> <li>• Growing EBITDA</li> <li>• Developing new product offerings</li> <li>• Building a performance based culture</li> <li>• Attracting and retaining talent</li> <li>• Innovating in market research and analytics</li> </ul>	The new LTI established on public listing aims to motivate, retain and reward Senior Management, and has been designed to align the interests of executives and Senior Management with the interest of shareholders.  The LTI is an allocation of performance rights granted to each participant with the 2015 LTI having a performance period of 17 December 2014 (date of public listing) to 31 December 2017.  The percentage of rights that vest post confirmation of results over the performance period is determined based on a compounded annual growth rate (CAGR) of oOh!media's Earnings Per Share (EPS) over the performance period.

### 3.3 Fixed Annual Remuneration

Fixed annual remuneration (FAR) includes base salary and superannuation. Base salary includes cash salary and any non-cash benefits provided in lieu of salary.

Prior to listing in December 2014, a benchmarking exercise was performed in respect of the remuneration quantum and mix for Senior Management. oOh!media's objective is to retain key talent and remain competitive and accordingly, aims to set FAR at the median of its selected comparator group.

### 3.4 Short-Term Incentive Plan

Certain employees are eligible to participate in the STI Plan (also referred to as the Annual Bonus Plan). The STI Plan forms the basis of assessment for 2014 STI entitlements for the all employees including executives and Senior Management.



# REMUNERATION REPORT

## CONTINUED

The table below explains the key features of the STI Plan, as it applies to all participants:

<b>Objective</b>	To focus employees on achieving the Group's annual financial objectives and the individual's goals and KPIs which are aligned to business strategic priorities.	
<b>Participation</b>	Most employees are eligible to participate in the STI Plan. Participants must be employed prior to 1 October in the calendar year to be eligible for an STI in that year.  Employees starting part way through a year or changing bonus amounts during the year will have the relevant pro-rata applied to their payment amount.	
<b>Performance period</b>	Calendar year	
<b>Link between performance and reward</b>	No STI is paid if a threshold performance is not met. A threshold target of 90% of budgeted EBITDA must be achieved before any entitlement to an STI payment occurs.  The target STI amount is defined by the individual's contract and the amount of STI payable is based on achievement against both oOh!media's target EBITDA and individual goals. In the case of over achievement on either component, there is the opportunity for greater than 100% target bonus payment on each component.  EBITDA was chosen as the most appropriate performance hurdle as it removes the effects of financing and is a proxy measurement of cash flow from operations.	
<b>Performance measures</b>	70% on full year EBITDA result (derived from oOh!media's audited annual report)  30% on agreed individual performance objectives	
<b>Maximum STI payable</b>	<b>EBITDA Component</b>	<b>STI payable</b>
	<b>EBITDA achieved</b>	
	<90%	0%
	90 - 100%	30% plus 7% for every 1% achievement above 90%
	100 - 150%	100% plus 4% for every 1% achievement above 100%
	Greater than 150%	300% (capped)
<b>Maximum STI payable (continued)</b>	<b>Individual Component</b>  The percentage awarded for the individual component of the STI is determined by the individual's performance rating against achievement of their goals and KPIs as recommended by the individual's direct manager. This rating is guided by Senior Management and performance calibration processes are used to ensure consistency across teams.  The guide for bonus percentage on the individual component varied from 0% to 200% with the final percentage being determined by Senior Management in line with agreed performance and budgets:	
	<b>Individual Rating</b>	<b>STI payable</b>
	Low performance: 1	0%
	Almost performance: 2	40 - 80%
	Good performance: 3	80 - 120%
	Great performance: 4	120 - 160%
	Exceptional performance: 5	160 - 200%
<b>Payment method</b>	Cash	
<b>Amount deferred</b>	Currently, no proportion of the STI is deferred. In undertaking its review of the remuneration structure, the Board considered the relevance and appropriateness of deferring a portion of the annual STI. At this time, the Board considers deferral of the STI is not appropriate because of the nature of oOh!media's earnings being relatively certain from year to year and the amount of the STI not being excessive.  The Board's view is that it will continue to review the deferral of STI in the context of the total remuneration framework.	
<b>Termination</b>	Participants must be employed and not under notice of resignation or termination at the completion of the performance period (calendar year) to be eligible for an STI award. The Board retains discretion to settle partial or complete payment in the case of good leavers.	

### 3.4.1 2015 STI award

The performance criteria, hurdles and payment scales for the 2015 STI award will be consistent with the 2014 STI award, however with EBITDA being the measure for company performance as well as the performance hurdle. The strategic goals and KPIs for the 2015 STI award have been updated to reflect oOh!media's strategic objectives as a listed company and include:

- Developing the best leaders and people in the media industry;
- Expanding & enabling our digital capability;
- Developing greater connection with our customers and audiences; and
- Growing revenue faster than costs.

### 3.4.2 Special Incentive

At the time of listing, the Board granted a one-off award of Performance Rights to management. The purpose of the Special Incentive award is to focus the management on achieving the forecasts in the Prospectus and to act as a retention mechanism in the period following listing.

The performance period is 17 December 2014 to 31 March 2016 and this once-off award will vest following the release of oOh!media's CY15 full year results in March 2016, subject to meeting the Adjusted NPAT performance hurdle and continued employment with the Group.

### 3.5 Long Term Incentive Plan

The new LTI Plan established on public listing aims to motivate, retain and reward the Executive KMP and other Senior Management and has been designed to align the interests of the Executive KMP and other Senior Management with the interests of shareholders.

#### 3.5.1 The 2015 LTI awards granted under the LTI Plan

The following table summarises the key features of the 2015 LTI award.

2015 LTI Plan			
<b>Objective</b>	Align Senior Management's reward with the achievement of long-term growth goals and increased shareholder value.		
<b>Participants</b>	Awards are limited to the Executive KMP and other Senior Management.		
<b>Instrument</b>	Calendar year		
<b>Link between performance and reward</b>	Performance Rights to acquire shares in oOh!media. A 'Performance Right' is a right to acquire one ordinary share in oOh!media for no consideration (i.e. nil exercise price). Some or all of the Performance Rights will vest and convert to ordinary shares if a specified level of performance is achieved.  The Board retains the discretion to make a cash payment of an amount equal in value to the value of the shares in lieu of transferring shares at the time of vesting.		
<b>Quantum</b>	The number of Performance Rights granted was a fixed dollar amount determined by reference to the face value of the shares on the date of grant. The number of performance rights granted to each executive was the LTI value attributable to the individual divided by the face value of the share at the time of grant (\$1.93). Rights were granted for nil consideration.  For the 2015 LTI plan a total of 839,378 Performance Rights were granted to certain participants with a face value of \$1,620,000. The number of Performance Rights granted to each of the participants was:		
	KMP	No.	Value (\$)
	Brendon Cook	181,134	350,000
	Peter McClelland	129,534	250,000
<b>Performance Period</b>	17 December 2014 to 31 December 2017		
<b>Vesting</b>	The Performance Rights will vest, or not, following the publication of the 31 December 2017 audited financial statements to the Australian Stock Exchange.		
<b>Dividends</b>	The Performance Rights do not carry dividends or voting rights prior to vesting.		
<b>Cessation of employment</b>	Generally, for good leavers, unvested Performance Rights will remain valid and be tested in their ordinary course at the end of the Performance Period. The Board retains discretion to determine if some or all of the Performance Rights will lapse. Unvested rights will lapse upon cessation of employment for cause, unless the Board determines otherwise.		
<b>Clawback</b>	To ensure integrity within the LTI Plan, the Board retains the authority to 'clawback' LTI awards in circumstances such as fraudulent or dishonest behaviour, gross misconduct or material financial misstatement.		

# REMUNERATION REPORT

CONTINUED

## 4.0 KMP Remuneration Details

Following are details of remuneration of Executives defined as KMP.

### 4.1 FAR for 2014 and 2015

Taking into account the benchmarking work conducted prior to listing in December 2014, the Board determined a revised FAR for the Executive KMP which was effective as at 1 October 2014 and which is intended to be current for the entirety of CY2015.

KMP	2014 FAR	NEW FAR 1 Oct 2014	% Change
Brendon Cook	\$546,474	\$557,645	2%
Peter McClelland	\$481,963	\$492,587	2%

### 4.2 2014 STI Outcomes

Through the combination of a strong second half of CY14, together with strong revenue growth in our key strategic divisions, actual EBITDA achieved 94% of the STI scheme target. This remains a strong result, as EBITDA for the period was up 27.5% from CY13. The STI payout on the EBITDA component was 58% (in section 3.4).

As the target threshold of 90% of target EBITDA was achieved, the individual component of the STI, as determined by individual performance ratings, was considered in the overall STI outcomes for participants.

The Board has continued its philosophy of setting targets for CY15. The Board is committed to building on the strong performance achieved in CY14 and maximising the current momentum within the business.

### 4.3 Target STI for Calendar Years 2014 and 2015

The table below outlines the target STI for the Executive KMP for the calendar year ended 31 December 2014. In addition, we have outlined the target STI for the KMP for the calendar year ahead.

		Minimum STI	Target STI Opportunity*	As a % of FAR	Maximum STI opportunity**	Max as a % of FAR
Brendon Cook	2014	-	\$194,480	36%	\$525,096	96%
	2015	-	\$250,000	45%	\$675,000	121%
Peter McClelland	2014	-	\$237,832	49%	\$642,146	133%
	2015	-	\$242,588	49%	\$654,988	133%

\* Target STI represents the amount payable at 100% of EBITDA plus 100% on personal KPIs

\*\*Maximum STI is only available on achievement of 150% of budgeted EBITDA and 200% of the Individual Component.

### 4.4 Final 2014 STI Payments

The STI payments to the Executive KMP for the calendar year ended 31 December 2014, based on the 2014 STI plan and including the STI payment as a percentage of the FAR, are explained in the following table:

KMP	Target opportunity as a % of FAR	Actual payment as a % of FAR	Amount paid	2014 Key achievements
Brendon Cook	36%	26%	\$143,137	<ul style="list-style-type: none"> <li>Creating and implementing a dynamic business strategy with particular focus on leveraging strategic digital growth</li> <li>Driving edge Joint Venture – oOh! Edge</li> <li>Enhancing oOh!media's profile with media, analysts and investors</li> <li>Successful IPO listing</li> </ul>
Peter McClelland	49%	39%	\$189,314	<ul style="list-style-type: none"> <li>Aligning operational plans with business strategy</li> <li>Successful implementation of digital strategy</li> <li>Introduction of processes to align goals and drive greater individual performance</li> <li>Successful IPO listing</li> </ul>

### 4.5 Realised Remuneration

The table below in 4.5 summarises the remuneration realised by the KMP in 2014. The Directors have presented this table in addition to the statutory remuneration table in 4.6 to provide additional disclosure and further context about the 2014 remuneration outcomes. The statutory table in 4.6 includes all elements of remuneration awarded to the KMP relating to 2014 as recognised in profit or loss for the year, whereas the realised remuneration table includes those elements based on the value realised or cash amounts that were paid or became payable during 2014.

The realised remuneration table includes all salaries and fees, and cash bonus payable in respect of 2014 (consistent with the statutory table at 4.6) as well as the option settlement value as described in 5.1. Other share-based payment amounts and other non-monetary benefits have been excluded if the employee realised no value from the award. For example, the realised remuneration table excludes unvested awards that may vest in the future.

Individual	Salary & Fees	Cash Bonus	Superannuation	Option settlement value paid in cash	Total
Brendon Cook	\$461,138	\$143,137	\$47,595	\$632,534	\$1,284,398
Peter McClelland	\$439,587	\$189,314	\$38,732	\$867,910	\$1,535,543
Michael Anderson	\$129,327	-	\$11,042	\$57,560	\$197,929
Debbie Goodin	\$9,488	-	\$901	-	\$10,389
Tony Faure	\$68,430	-	\$694	-	\$69,124
Geoffrey Wilde	\$66,192	-	\$694	-	\$66,886



# REMUNERATION REPORT

CONTINUED

## 4.6 Statutory Remuneration Tables

The following table of KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* (Cth) requirements. The amounts shown relating to share based remuneration are equal to the accounting expense recognised in oOh!media's financial statements in respect of the LTI grant, Special Incentive grant and Legacy MEP. The amounts disclosed do not reflect the actual cash amount received this year or in future years. Specifically, the actual cash amount paid in respect of the Legacy MEP is the amount disclosed in the table in section 4.5 above and discussed in section 5.1.

KMP	Short Term				Post-Employment	Share-based payments			Total	
	Year	Salary & Fees (including Annual leave)	Cash Bonus	Non-monetary benefits	Superannuation	LTI Grant (i)	Special Incentive Grant (ii)	Legacy MEP (iii)	Total	Performance Related %
<b>Brendon Cook</b>	2014	\$461,138	\$143,137	\$46,300	\$47,595	\$3,812	\$780	\$1,795,418	\$2,498,180	79%
<b>Peter McClelland</b>	2014	\$439,587	\$189,314	\$6,300	\$38,732	\$2,723	\$780	\$1,232,507	\$1,913,390	75%
<b>Michael Anderson</b>	2014	\$129,327	-	-	\$11,042	-	-	\$198,199	\$338,567	
<b>Debbie Goodin</b>	2014	\$9,488	-	-	\$901	-	-	-	\$10,389	
<b>Tony Faure</b>	2014	\$68,430	-	-	\$694	-	-	-	\$69,124	
<b>Geoffrey Wild</b>	2014	\$66,192	-	-	\$694	-	-	-	\$66,886	

(i) Fair value of performance rights related to the LTI issued and expensed post IPO

(ii) Fair value of performance rights issued related to the Special Incentive and expensed post IPO

(iii) Expense recognised in respect of settlement of the Legacy MEP (See 5.1 for more detail)

(iv) Darren Smorgon, Patrick Rodden, Barry Zuckerman and Benjamin Sebel as CHAMP Equity appointed Directors did not receive any Director's fees or other remuneration in 2014

(v) Jennifer Tejada received no Director's fees or other remuneration in 2014

## 4.7 Remuneration Components as a Proportion of Total Remuneration

The following table shows the target remuneration mix as a percentage of total remuneration for each of the Executive KMPs in 2014. The STI amount reflects the target STI opportunity and the LTI amount is based on the face value of the number of Performance Rights granted in the current year.

KMP	Year	FAR (i)	STI (ii)	LTI (iii)	Total
<b>Brendon Cook</b>	2014	50%	18%	32%	100%
<b>Peter McClelland</b>	2014	50%	24%	26%	100%

(i) Fixed annual remuneration comprises salary, non-monetary benefits and superannuation.

(ii) STI is the percentage of remuneration payable at target of EBITDA and Individual KPI measures.

(iii) LTI is face value of LTI performance rights granted to the KMP during CY2014.

## 5.0 Details of shared based compensation

### 5.1 Legacy Management Equity Plan

The Group previously operated a Management Equity Plan (Legacy MEP). The Legacy MEP was terminated prior to listing.

#### Options

Certain members of the KMP or parties closely related to them, including Michael Anderson, Brendon Cook and Peter McClelland held options over shares in Outdoor Media Investments Limited under the Legacy MEP. Prior to the listing, the exercise price of the options was reduced and all outstanding options were settled for cash. This resulted in the acceleration of the remaining grant date fair value through the statement of profit or loss and other comprehensive income. The incremental value awarded to option-holders through the modification of the strike price was also expensed in 2014 and resulted in cash payments to these KMP or their related parties to settle outstanding options as outlined below:

Consideration payable for cancellation of options	
<b>Michael Anderson</b>	\$57,560
<b>Brendon Cook*</b>	\$632,534
<b>Peter McClelland*</b>	\$867,910

\* includes options held by closely related parties

The share based payments expense recognised in the statement of profit or loss and other comprehensive income and reflected in the statutory table at 4.6 includes the impact of the modification of the option strike price, the share based payment expense up to the date of the IPO and the acceleration of the remaining grant date fair value.

The following table sets out the movement during the reporting period in the number of options over shares in Outdoor Media Investments Limited (OMI), held directly, indirectly or beneficially, by KMP, including their related parties.

	Held at 1 Jan 2014	Acquired upon Listing (i)	Granted as Remuneration	Settled	Held at 31 December 2014
<b>Brendon Cook</b>	27,111,112	-	-	(27,111,112)	-
<b>Peter McClelland</b>	9,275,336	-	-	(9,275,336)	-
<b>Michael Anderson</b>	-	-	3,051,098	(3,051,098)	-

(i) No options were issued upon listing

#### Shares

Certain members of the KMP, including Michael Anderson, Brendon Cook and Peter McClelland acquired shares in Outdoor Media Investments Limited through the Legacy MEP. As part of the capital re-organisation that took place in preparation for listing, oOh!media acquired these shares and issued new shares to the Executives as consideration.

Following these transactions, Michael Anderson received 101,703 Shares, Brendon Cook 699,999 Shares (including related parties) and Peter McClelland received 115,942 shares.

The following table sets out the movement during the reporting period in the number of ordinary shares in oOh!media held directly, indirectly, or beneficially by KMP including their related parties.

	Held at 1 Jan 2014	Acquired upon Listing (i)	Granted as Remuneration	Net change other	Held at 31 December 2014
<b>Brendon Cook</b>	-	699,999	-	-	699,999
<b>Peter McClelland</b>	-	115,942	-	-	115,942
<b>Michael Anderson</b>	-	101,703	-	-	101,703

(i) Ordinary shares in oOh!media issued to replace shares previously held in the unlisted entity through the Legacy MEP.

# REMUNERATION REPORT

CONTINUED

## Management loans

Certain members of management, including Brendon Cook and Peter McClelland, were parties to loan agreements with Outdoor Media Investments Limited. Under the terms of this agreement, Outdoor Media Investments Limited had loaned them monies for the purchase of shares in connection with the Legacy MEP. These loans were interest free and limited recourse to the value of the loan shares. These loan shares vested on IPO and the loans were settled in accordance with the terms of the loan agreement. The vesting of these loan shares on IPO resulted in the acceleration of the remaining grant date fair value through the statement of profit or loss and other comprehensive income in 2014 and is reflected in the Legacy MEP share based payment expense in the statutory table at 4.6.

No member of the Executive KMP or Senior Management has a debt to oOh!media or been loaned funds by oOh!media since the listing.

The following table sets out the movement during the reporting period in the loan balances held directly, indirectly, or beneficially by Executive KMPs including their related parties:

	Balance as at 1 Jan 2014 (\$)	Repaid on Listing (\$)	Amount Settled (\$)(i)	Balance as at 31 December 2014
<b>Brendon Cook</b>	50,000	(42,889)	(7,111)	-
<b>Peter McClelland</b>	285,000	(223,767)	(61,233)	-

(i) These loans were limited recourse in nature and only repayable to the extent of the value of the loan shares on vesting.

## 5.2 Rights Over Shares Granted as Compensation – New Incentives

The particular details in relation to rights over ordinary shares in oOh!media that were granted as remuneration to each Executive KMP during the reporting period are set out in the following table.

	Plan	Number of rights granted during 2014	Vesting Condition	Grant Date	Fair value at grant date (\$)	Expiry Date
<b>Brendon Cook</b>	LTI Plan	181,347	CAGR EPS	17 Dec 2014	314,455	31 Dec 2017
	Special Incentive	15,544	NPAT	17 Dec 2014	28,617	31 Mar 2016
<b>Peter McClelland</b>	LTI Plan	129,534	CAGR EPS	17 Dec 2014	224,612	31 Mar 2016
	Special Incentive	15,544	NPAT	17 Dec 2014	28,617	31 Dec 2017

The following table sets out the movement during the reporting period in the number of rights over ordinary shares in oOh!media, held directly, indirectly or beneficially, by Executive KMPs, including their related parties.

	Held at 1 Jan 2014	Acquired upon Listing (i)	Granted as Remuneration (ii)	Forfeited	Held at 31 Dec 2014	Vested and Exercisable	Not Vested
<b>Brendon Cook</b>	-	-	196,891	-	196,891	-	196,891
<b>Peter McClelland</b>	-	-	145,078	-	145,078	-	145,078

(i) No rights over ordinary shares were issued upon listing

(ii) LTI and Special Incentive award grants

## 6.0 Executive Contracts

The key conditions of the Executive KMPs service agreements are set out in the following table.

Name	Agreement commenced	Agreement expires	Notice of termination		Termination payments under the contract
			By Company	By Employee	
<b>Brendon Cook</b>	1 Oct 2014	No expiry	12 months	12 months	12 months FAR
<b>Peter McClelland</b>	1 Oct 2014	No expiry	6 months	3 months	6 months FAR

## 7.0 Non-executive Directors' remuneration details

The Board aims to set Non-executive Directors' (NED) remuneration at a level that attracts and retains NEDs of a high calibre and talent.

oOh!media undertook a review of NED remuneration prior to listing, and engaged KPMG to assist in providing benchmarking data of NED remuneration against a range of comparable companies. The fee structure for the Board includes a chair fee for the Audit and Risk Committee.

Non-executive Directors receive fixed fees only, as outlined in the table below. All amounts are inclusive of superannuation.

### 7.1 Fee Pool

The total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year \$1,000,000 as the amount fixed by oOh!media in General Meeting.

### 7.2 Directors' Fee Structure

The below Directors' fee structure is current as of 7 October 2014:

	Chair fee	Non-executive Director fee
<b>Board</b>	\$165,000	\$85,000*
<b>Audit Risk and Compliance Committee</b>	\$25,000	n/a
<b>Remuneration and Nomination Committee</b>	n/a	n/a

\*Maximum amount, the actual fee may range from \$0 - \$85,000

### 7.3 Non-executive Director changes in 2014

- Tony Faure was appointed as an independent Non-executive Director as at 21 February 2014
- Debbie Goodin was appointed as an independent Non-executive Director and Chair of the Audit, Risk and Compliance Committee as at 28 November 2014
- Jennifer Tajeda ceased to be a Director of OMI as at 23 January 2014
- Benjamin Sebel was appointed as a Director of OMI on 22 January 2014 and ceased to be a Director of OMI as at 23 December 2014
- Barry Zuckerman ceased to be a Director of OMI as at 2 April 2014.
- Patrick Rodden ceased to be a Director of OMI as at 23 December 2014

### 7.4 Non-executive Directors' Remuneration Details

The actual amounts paid to each Director are listed in table 4.6.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance (ESG) report highlights areas where oOh!media contributes beyond the bottom line financials. The outcomes of conscious and responsible corporate behaviour are inextricably linked to financial performance through either risk mitigation or reduction in costs. However they also are, in and of themselves, valuable to the broader community and environment in which we operate.

## Environmental

oOh!media is committed to managing its business in an environmentally responsible manner, and believes that caring for the environment is crucial to our continued success. We aim to reduce our footprint on the environment by reusing, renewing and recycling our physical property wherever feasible and reducing our energy usage and carbon emissions through using better and more efficient technology and through driving more energy aware practices through our business.

## Social

oOh!media is committed to being both an employer of choice and a great corporate citizen. We aim to achieve this through exceptional social practices with our employees, with suppliers, customers and partners and in the community. As a foundation, we will provide a safe working environment for all employees and remain compliant with all local labour laws and our own policies and procedures. As a key differentiator, we look to inspire our people to contribute to the wellbeing of our business and the community, as individuals and collectively. We recognise that our differences as individuals is what makes us better and we will promote diversity as a core principle in the way we do business.

## Governance

oOh!media conducts all of its business in an honest and ethical manner. We take a zero-tolerance approach to unethical business practices and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We will abide by and champion standards in advertising as guided by the Advertising Standards Bureau (ASB) and the Australian Association of National Advertisers (AANA). Wherever we potentially impact the community we will take appropriate steps to consult and work with any relevant government and regulatory bodies.

## 1. Environmental

As part of our focus on environmental responsibility we consider our physical assets as well as our energy usage and carbon emissions.

### 1.1 Physical Assets

Our intent is to recycle, reuse or refurbish our assets where feasible, including static sign housing and advertising skins and digital screens.

We have a goal to have 100% of skins either sold for charities and disaster relief or recycled. Currently we recycle approximately 95% of our own skins and work with our contract installers to set strategies and targets for recycling of skins.

In 2014 we refurbished around 600 of our Retail housing assets for reuse and ensured that any digital screens no longer required are either donated if working or disposed at an environmental disposal area.

### 1.2 Carbon Emissions

All new digital assets are fitted with LED lighting that both extends usage life and reduces energy consumption by site by 50%. On certain large format Road sites we use solar power and our head office building is powered by green power.

Energy saving initiatives are also in place across our offices.

## 2. Social

### 2.1 Workplace Health & Safety

oOh!media strives to create a safe and healthy workplace for all employees, contractors and visitors. oOh!media maintains high standards in WH&S for its outdoor operations and office environments and has a comprehensive WHS Management Plan in place.

#### 2.1.1 Policy and Framework

We set the standard of the management of health and safety of oOh!media's workers, contractors, and members of the public who come into contact with oOh!media in oOh!media's Workplace Health & Safety Policy and ANZ Safety Plan. This is supported by oOh!media's WHS Management System that steps through oOh!media's duties, consultation, procedures, incident management and review.

#### 2.1.2 WHS Committee

oOh!media has a WHS Committee that meets monthly to review the WHS framework, initiatives, incidents, learnings, communication and training programs. It is made up of employees from every jurisdiction, also across operational, commercial, sales and function, and communicates regularly with the business and key partners in the delivery of our services.

#### 2.1.3 Audit and Compliance

oOh!media has a defined compliance schedule to ensure compliance with the WHS Management System, with an incident register that allows us to track incidents over the course of the year. oOh!media requires all contractors completing high risk work - primarily working at heights over two metres, near traffic or electricity - to provide us with copies of all their Safe Work Method Statements (SWMS) for review. We have an annual inspection's program including site inspections of contractors, contractor desktop audits, observations and office/storage inspections.

In 2014, Australian Workplace Management conducted an independent audit of oOh!media's Occupational Health and Safety Management System (OHSMS) in accordance with the JAS-ANZ audit criteria against the compliance requirements of the AS/NZS 4801: 2001 Occupational Health and Safety Management Systems Standard. Australian Workplace Management confirmed oOh!media complies with the requirements of the Occupational Health and Safety Standard, as evidenced by system implementation, observance of procedures and ongoing maintenance of registers and supporting records.

### 2.2 Community Engagement

oOh!media is passionate about our community and our ability to operate in a way which benefits the wider community.

#### 2.2.1 Community Consultation

We ensure that community consultation is held for all major new site builds/developments and includes local stakeholders (business alliances, residents groups) and development experts (architects, heritage consultants, planners).

oOh!media does not have a standard Development and Community Consultation plan, however we do embark on bespoke community consultation programs for major developments and/or redevelopments. Each development is assessed individually and oOh!media is advised by third party experts whether or not community consultation is required.

#### 2.2.2 Support for Charities

oOh!media currently supports a number of charities by providing free of charge advertising space and also formally sponsors charity events. Charities we actively support include:

- Humpty Dumpty Foundation
- Canteen
- Ovarian Cancer Research Foundation
- Ronald McDonald House
- National missing persons week
- MS Australia

We also offer our people one paid work day a year to volunteer for a registered charity.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTINUED

## 2.3 Diversity and Inclusion

At oOh!media we understand it's our people that makes us successful. Just like our clients, our employees are all unique, have different opinions, sexual orientation, religious beliefs, cultural backgrounds, experiences and gender. Diversity is a strength. It helps oOh!media to grow, to be a true market leader and to be different, daring and innovative in its approach.

We respect and value diversity and inclusion in the workplace because we know it makes business sense and is the right thing to do. As the Out Of Home media market continually evolves and changes, our approach to diversity and inclusion is a competitive advantage, allowing us to keep pace with and more importantly, lead change in our industry. It also helps us to attract and retain the best talent, understand and meet our clients' needs more effectively and better connect with our community.

oOh!media's Board and management are focused on promoting and increasing diversity, particularly in senior roles.

### 2.3.1 Inclusion and Diversity Committee

In 2014 our Gender Diversity Committee was renamed and refocused as the Inclusion and Diversity Committee (IDC) to take a broader perspective on the challenges of inclusion and diversity. The Committee meets monthly and established a charter to guide its actions. The IDC was formally launched in February 2015.

In November 2014, the IDC ran an employee survey to determine key issues around inclusion and diversity and priority activities that employees wanted to see progressed in the organisation. Around 50% of the organisations' employees participated in the survey and so it was seen as a highly representative sample. Of these respondents, 52% were female and 48% male.

From the survey results the IDC agreed on some actions and initiatives that would form part of an annual calendar. These focused on family, significant cultural or diversity related events and campaigns to drive awareness of inclusion and diversity at oOh!media.

The IDC will also be a sounding board for HR led diversity initiatives ensuring that our people initiatives incorporate diversity and inclusion principles wherever relevant.

### 2.3.2 Leadership development and succession pipelines

A key to increasing diversity in our leadership levels will be to actively promote diversity through core people processes such as talent and succession planning and through leadership development activities.

Current leadership initiatives being driven include establishment of a Women in Leadership program with a pilot mentoring and networking program with high potential female leaders in the business having kicked off in January 2015.

As part of our cyclical talent and succession processes being launched in 2015 we will actively discuss and highlight females within our business to ensure that we are developing our female talent and increasing the number of females in senior roles in our business.

### 2.3.3 Gender and Pay Equity

oOh!media is focused on identifying and reducing any underlying gender pay gaps. As part of our 2015 Remuneration review we undertook a pay by gender analysis including a comparison of like roles. As part of the 2015 remuneration review process, we focused on reducing any disparities by prioritising spend accordingly.

### 2.3.4 Core Gender diversity statistics:

	% Female
Board composition	17%
Senior Executives (Executives and senior direct reports)	12%
Managers/Team Leaders	50%
Non-management	56%
All employees	49%

5% of our employees work on a part-time basis.

## 3. Governance

### 3.1 Compliance with Regulatory and Standards

oOh!media operates within a number of regulatory frameworks. In addition to those applied to most businesses, as an advertiser, all content displayed via oOh!media assets is governed in Australia by Australian Association of National Advertisers (AANA) and in New Zealand by the Advertising Standards Authority (ASA). oOh!media is diligent in adhering to these standards, providing clients and employees with Advertising Standard Guidelines as well as having developed its own policy and Content Review Committee for the review of creative content.

oOh!media is a foundation member of the Out Of Home industry body, the Outdoor Media Association (OMA), which is a self-regulating body to whose standards oOh!media adheres.

### 3.2 Code of Conduct and Governance Policies

oOh!media has a published Code of Conduct, which has been prepared for the guidance and benefit of all people employed, contracted by, associated with, or acting on behalf of oOh!media. The Code of Conduct has been adopted by oOh!media as it expresses the core values that drive our behaviour and aspirations.

The key values underpinning the Code of Conduct are as follows:

- Our actions must be governed by the highest standards of integrity and fairness;
- Our decisions must be made in accordance with the spirit and letter of applicable law;
- Our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of customers, employees, shareholders and oOh!media alike.

Our Code of Conduct is designed to ensure that oOh!media and its employees maintain a reputation for the highest standards of business conduct, professionalism and integrity.

This Code sits alongside our other core Governance Policies, including:

- Diversity and Inclusion Policy
- Continuous Disclosure Policy
- Policy for Dealing in Securities

Each of which can be found on our website at <http://www.oohmedia.com.au/corporate-governance>.



# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of oOh!media is responsible for the overall governance of the Group.

The Board has created a framework for overseeing oOh!media's corporate governance, having regard to corporate governance principles and recommendations, including those published by the ASX Corporate Governance Council. The framework includes:

- Corporate governance policies and practices;
- Risk management processes; and
- Internal controls.

each of which are considered appropriate for oOh!media's business and designed to promote responsible governance.

This Corporate Governance Statement reports oOh!media's compliance since it was listed on the ASX on 17 December 2014, reported following the third edition of the ASX Corporate Governance Council Principles and Recommendations (the ASXCGC Principles and Recommendations).

All charters and policies referred to in this Corporate Governance Statement are available at <http://www.oohmedia.com.au/corporate-governance>.

## Principle 1: Lay solid foundations for management and oversight

### Role and Responsibilities of the Board

The Board is responsible for overseeing oOh!media's overall direction and good governance. The Board's role, responsibilities and functions have been captured in the Board Charter, adopted by the Board on 28 November 2014.

The Board's role is to:

- Represent and serve the interests of shareholders;
- Protect and optimise company performance and build sustainable value for shareholders;
- Set, review and ensure compliance with oOh!media's values and governance framework; and
- Ensure shareholders are kept informed of oOh!media's performance and major developments affecting its state of affairs.

Responsibilities and functions specifically reserved for the Board include:

- Appointment of a Chair;
- Appointment and removal of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO);
- Appointment of Directors to fill a vacancy or as an additional Director;
- Establishment of Board Committees, their membership and delegated authorities;
- Approval of dividends;
- Approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- Calling of meetings of shareholders; and
- Any other specific matters nominated by the Board from time to time.

### Administration of the Board

The Board holds regular meetings, and has diarised a minimum of 11 meetings a year, with additional unscheduled meetings as frequently as may be required to deal with other matters. In addition, the Non-executive Directors meet at least once a year in the absence of the CEO and management, and at such other times as they may determine; the Independent Directors may also meet on their own as they determine appropriate.

Details of the current Directors, their qualifications, skills and experience and their attendance at Board and Committee meetings during the year, are set out on page 24 of the Annual Report.

### Independent Legal Advice

To support proper discharge of duties, the Board collectively, and each Director individually, has the right to seek independent professional advice. This has been captured clearly in each Director's letter of appointment.

### Committees of the Board

While at all times the Board maintains full responsibility for guiding and monitoring oOh!media, it has delegated certain responsibilities and functions to Committees and management.

The Board has established the following Committees to assist it in discharging its functions:

- Audit, Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

Each Committee was appointed by oOh!media, and each of their charters adopted, on 28 November 2014.

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is responsible for assisting the Board in carrying out its accounting, auditing, financial reporting and risk management responsibilities, including:

- Overseeing oOh!media's relationship with the external auditor and the external audit function generally;
- Overseeing the preparation of the financial statements and reports;
- Overseeing oOh!media's financial controls and systems; and
- Managing the process of identification and management of risk.

The Board, at least once in each year, reviews the membership and, at least every two years, the Charter of the Committee, to determine its adequacy for current circumstances. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

The Audit, Risk and Compliance Committee consists of three members, being Non-executive Directors (the majority of whom are independent), with an independent Chair, who is not Chair of the Board.

The Committee meets as often as its members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet at least five times a year.

### Remuneration and Nomination Committee

oOh!media has established a Remuneration and Nomination Committee to assist the Board, and make recommendations on matters relating to succession planning, nomination of the Directors and CEO, and remuneration of the Directors, CEO and executives that report to the CEO.

The Remuneration and Nomination Committee consists of three members, also Non-executive Directors (a majority of whom are independent), with an independent Chair.

The Remuneration and Nomination Committee meets as often as its members deem necessary in order to fulfil their role. However, it is intended that the Remuneration and Nomination Committee will meet at least twice a year.

# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

	Audit, Risk & Compliance Committee	Remuneration & Nomination Committee
<b>Michael Anderson,</b> Independent Non-Executive Chairman	◈	◈
<b>Tony Faure,</b> Independent Non-Executive Director		◈
<b>Debbie Goodin,</b> Independent Non-Executive Director	◈	
<b>Geoff Wild,</b> Non-Executive Director		◈
<b>Darren Smorgon,</b> Non-Executive Director	◈	
<b>Brendon Cook,</b> CEO and Executive Director		

Legend: ◈ Chairman ◈ Member

The relevant qualifications and experience of the members of each Committee are set out on page 22-23 of the Annual Report.

### Board's Relationship with Management

The Board has delegated the day-to-day management of oOh!media and the implementation of the oOh!media's strategic objectives to Senior Management.

The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.

The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board. The management function is conducted by, or under the supervision of, the CEO as directed by the Board and by other officers to whom the management function is delegated by the CEO.

The CEO and Senior Management have established the following Committees to assist the CEO in discharging his responsibilities:

- Disclosure Committee, responsible for compliance with oOh!media's continuous disclosure obligations;
- Inclusion and Diversity Committee, responsible for recommending strategies to maintain and improve an inclusive, diverse and supportive workplace; and
- Workplace Health & Safety Committee, responsible for reviewing and recommending WHS compliance strategies.

### Appointment of Directors and Succession planning

The Remuneration and Nomination Committee assists the Board by identifying candidates for appointment as Directors, making recommendations regarding Board size and composition and assisting with the Board's succession planning.

In appointing Non-executive Directors, the Board seeks to ensure that candidates have the appropriate skills, expertise and experience to complement the existing members of the Board.

Factors to be considered when reviewing a potential candidate for Board appointment, include without limitation:

- The skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- The existing composition of the Board, having regard to the factors outlined in the Diversity and Inclusion Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- The capability of the candidate to devote the necessary time and commitment to the role; and
- Potential conflicts of interest, and independence.

Each year, the Remuneration and Nomination Committee prepares a report for the Board outlining the following details of the Board selection process with a view to including either the report or a summary of the report in the Annual Report:

- The process by which candidates are identified and selected, including whether external search organisations are used;
- The steps taken to ensure that a diverse range of candidates are considered; and
- The factors taken into account in the selection process, including the Board skills matrix used to identify any 'gaps' in the skills and experience of the Directors on the Board.

External search organisations may be engaged (as appropriate) to assist the Board identify potential Director candidates.

In respect of the current Directors, no material adverse information was revealed by checks performed in respect of each Director, nor was any matter identified that might influence a Director's ability to act in the best interests of the company and its shareholders.

As at the date of this Corporate Governance Report, no candidate had been put before shareholders for appointment or election. In the event of same, oOh!media will follow the selection process, including:

- Conducting appropriate checks before putting forward to shareholders a candidate for election, as a Director, or their subsequent appointment;
- Consultation with all Directors, with any recommendations from the Remuneration and Nomination Committee;
- Upon election/approval, an offer of a Board appointment to be made by the Chair and confirmed by a letter of appointment in the standard format approved by the Board or the Remuneration and Nomination Committee from time to time.

In accordance with oOh!media's Constitution, no Director, except the CEO, shall hold office without re-election beyond the third Annual General Meeting at which the Director was last elected or re-elected. Directors available for re-election at a General Meeting are reviewed by the Remuneration and Nomination Committee after consultation with the Board.

### Agreements with Directors and Senior Executives

Non-executive Directors are engaged through a letter of appointment which sets out the Director's roles and responsibilities and oOh!media's expectations, including in respect of the requirement to comply with company policies and oOh!media's Code of Conduct. The letter also addresses Non-executive Directors' indemnity and insurance arrangements, ongoing rights to access company information and confidentiality obligations that apply on an ongoing basis.

oOh!media enters into service contracts with all executives, which sets out their individual roles and responsibilities, as well as their key performance indicators and corporate obligations in respect of adherence to company policy and oOh!media's Code of Conduct.

### Board, Committee and Director Performance

The Remuneration and Nomination Committee is tasked with assisting the Board, as required, in relation to the performance evaluation of the Board, its Committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies.

Within 2015, oOh!media intends to formalise the following process:

- On an annual basis, Directors to provide written feedback in relation to the performance of the Board and its Committees against a set of agreed criteria;
- Each Committee of the Board required to review, and provide feedback on, its own performance;
- The CEO to provide feedback from Senior Management in connection with any issues that may be relevant in the context of the Board performance review; and
- Feedback to be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.

Where appropriate to facilitate the performance evaluation process, assistance may be obtained from third party advisers.



# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

### Performance and Training of Senior Management

The Board sets KPIs for the CEO and formally evaluates the achievement of those objectives on an annual basis.

The Senior Management's KPIs are set annually. They are recommended by the CEO to the Board. The CEO conducts twice yearly one-on-one performance evaluations with individual Senior Management members to assess whether they have met their KPIs set in the preceding year.

During the current year, a performance evaluation for the CEO and Senior Management members was undertaken and conducted in accordance with the process outlined above.

oOh!media has procedures in place to ensure that the executive is able to participate fully and actively in Senior Management decision-making at the earliest opportunity, including:

- Induction of core policies and procedures, located on oOh!media's intranet for ease of reference; and
- A Delegated Authority Policy, to promote good governance practices for payments and commitments of oOh!media.

### Diversity and Inclusion

On 28 November 2014, the Board formally approved the Diversity and Inclusion Policy in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative Senior Management and leadership structure.

The Diversity and Inclusion Policy drives oOh!media's ability to attract, retain, motivate and develop the best talent to create an engaged workforce to deliver the highest quality services to its customers and continue to grow the business.

oOh!media aims to achieve its diversity and inclusion objectives by:

- Having a management committee dedicated to fostering improvements in diversity and inclusion;
- Broadening the field of potential candidates for Senior Management and Board appointments;
- Increasing the transparency of the Board appointment process; and
- Embedding the extent to which the Board has achieved the objectives of the Policy in the evaluation criteria for the annual Board performance evaluation.

The proportion of male and female employees and senior executives within oOh!media, and members of the Board, are set out in the table below.

Level	Male	Female
Employees	51%	49%
Senior executives <sup>1</sup>	88%	12%
Board members	83%	17%

1. For these purposes, senior executives includes the executive team and their senior direct reports.

As oOh!media has only been listed on the ASX since December 2014, the Board is in the process of setting measurable objectives for achieving gender diversity. At the end of 2015, oOh!media will report against these measurable objectives.

The Diversity and Inclusion Policy is available on oOh!media's website at <http://www.oohmedia.com.au/corporate-governance>.

### Company Secretary

The Board has appointed Michael Egan as the Company Secretary. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.

The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All directors have direct access to the Company Secretary.

### Principle 2: Structure the Board to add value

Responsibility for the composition and succession planning of the Board rests with the Directors.

### Remuneration and Nomination Committee

oOh!media has established a Remuneration and Nomination Committee to assist the Board, and make recommendations on matters relating to succession planning, nomination of the Directors and CEO, and remuneration of the Directors, CEO and executives that report to the CEO.

### Composition of the Board and Independence of Directors

oOh!media currently comprises six Directors. The Board considers its current size to be appropriate to discharge its duties effectively.

The names of current Directors and the date they were appointed to the Board are set out below.

Director	Date of appointment to the Board of oOh!media Limited	Date of appointment to group companies
Michael Anderson	7 October 2014	25 July 2013
Tony Faure	28 November 2014	21 February 2014
Debbie Goodin	28 November 2014	28 November 2014
Darren Smorgon	7 October 2014	8 December 2011
Geoffrey Wild	7 October 2014	10 July 2007
Brendon Cook	7 October 2014	20 March 1990

The Board has adopted guidelines in the Board Charter to assist in assessing the independence of Directors. These guidelines are consistent with the factors relevant to assessing the independence of a director set out in the ASX Principles and Recommendations. The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment (as disclosed by each Non-executive Director to the Board).

Of the Board:

- Three Directors are considered by the Board to be Independent Non-executive Directors: Michael Anderson (Chairman of the Board), Tony Faure and Debbie Goodin;
- Two Non-executive Directors, Darren Smorgon and Geoff Wild, are not considered by the Board to be independent as they are Directors nominated by substantial shareholders of oOh!media; and
- The remaining Director is Brendon Cook, the CEO and Managing Director.

The current composition of the Board is reflective of the size of oOh!media and the shareholdings of oOh!media's substantial shareholders, however oOh!media notes only half of the Board members are considered to be independent. In light of this, the Board has confirmed the Independent Non-executive Chairman has a casting vote. Given this, the Board considers the overall composition of the Board is appropriate in oOh!media's circumstances, and that it is well placed to fulfil its responsibilities.

The Chairman is an Independent Non-executive Director and there is a clear division of responsibility between the Chairman and the Chief Executive Officer.

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in oOh!media and its operation and an increasing contribution to the Board as a whole.

# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

### Induction and Continuing Education of Directors

oOh!media has resources to induct new Directors and a continuing development program for Directors to ensure they are equipped with opportunities to develop and maintain the skills and knowledge necessary to perform their role effectively:

- All induction materials are made available to each Director on appointment, confirmed in writing in their letters of appointment, and can be accessed by the Company Secretary at any time; and
- A training and continuing education program has been built into the Board agenda over the calendar year.

### Board Skills Matrix

The Board seeks to ensure that its membership includes an appropriate balance of skills, diversity, experience and independence in order to enhance Board performance and maximise value for shareholders.

It is not expected that all Directors will have skills and experience in all areas. Rather, taken together the Board as a whole needs to have the skills and experience identified as being necessary. The Board considers that this is the case.

The table below sets out the skills and experience represented on the Board.

Skill/quality	Out of 6 Directors	%
Advertising media industry	5	83%
Out Of Home industry sector knowledge, including customer understanding and relationships	5	83%
Digital technology	5	83%
Business strategy and executive experience	6	100%
Corporate finance and capital management	4	67%
Marketing & sales	4	67%
Health, safety, environment & social responsibility	6	100%
Human resources, people and culture	5	83%
Corporate governance, compliance and risk management	5	83%

## Principle 3: Act ethically and responsibly

### Code of Conduct

oOh!media is committed to a high level of integrity and ethical standards in all business practices. Employees must conduct themselves in a manner consistent with current community and company standards and in compliance with all relevant legislation. Accordingly, on the 28 November 2014, the Board adopted a formal Code of Conduct, which outlines how oOh!media expects its representatives to behave and conduct business in the workplace. All employees (including temporary employees and contractors) and Directors must comply with the Code of Conduct.

The Code of Conduct is designed to:

- Provide a benchmark for professional behaviour throughout oOh!media;
- Support oOh!media's business reputation and corporate image within the community; and
- Make Directors and employees aware of the consequences if they breach the Code.

oOh!media regularly monitors and tests oOh!media's policies under the Code to ensure that commitments remain relevant, effective and consistent with stakeholders' expectations.

The Code of Conduct is available on oOh!media's website at <http://www.oohmedia.com.au/corporate-governance>.

## Principle 4: Safeguard integrity in corporate reporting

### Audit, Risk and Compliance Committee

oOh!media has established an Audit, Risk and Compliance Committee to assist the Board, and make recommendations on matters relating to its accounting, auditing, financial reporting and risk management responsibilities.

### Chief Executive Officer and Chief Financial Officer (CFO) Declaration

Before the Board approves oOh!media's half-year and full-year financial reports, the CEO and CFO provide the Board with declarations that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board received a declaration of this kind in respect of the financial year ended 31 December 2014 from the CEO and the CFO prior to approving the full-year financial reports.

### Auditor at Annual General Meeting

oOh!media's external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders.

## Principle 5: Make timely and balanced disclosure

### Continuous Disclosure

On 28 November 2014, oOh!media adopted a Continuous Disclosure Policy, which establishes procedures to ensure compliance with its obligations under the Corporations Act and ASX Listing Rules to disclose material price-sensitive information to the market in a timely manner.

The Board has appointed the Disclosure Committee, which is responsible for compliance with oOh!media's continuous disclosure obligation. The Disclosure Committee comprises key management - the CEO, the CFO, and the Company Secretary (or their delegates).

Information is communicated to shareholders through the lodgement of all relevant financial information and other information with ASX, with continuous disclosure announcements also made available on oOh!media's website.

The Continuous Disclosure Policy is available on oOh!media's website at <http://www.oohmedia.com.au/corporate-governance>.



# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

### Principle 6: Respect the rights of security holders

#### Information About oOh!media

oOh!media aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of oOh!media. Additionally, oOh!media recognises that potential investors and other interested stakeholders may wish to obtain information about oOh!media from time to time.

An overview of oOh!media's profile, businesses and corporate governance framework is available at oOh!media's website [www.oohmedia.com.au](http://www.oohmedia.com.au).

#### Investor Relations

oOh!media communicates important information regularly to shareholders and other stakeholders through a range of forums and publications including:

- **Notices of meetings:** The full text of all notices of meetings and explanatory material are available on its website; oOh!media encourages shareholders to provide email addresses so that notices of meeting and explanatory material can be sent to shareholders via email;
- **Annual General Meeting:** oOh!media encourages attendance and full participation of shareholders at its Annual General Meeting each year and a full transcript of the Chairman's and the CEO's speeches are published. Shareholders are encouraged to lodge proxies electronically in accordance with instructions on the proxy form;
- **Annual Report:** oOh!media's Annual Report is available on its website and contains important information about oOh!media's activities and results for the previous financial year. Shareholders can elect to receive oOh!media's Annual Report as an electronic copy or in hard copy through the mail;
- **Announcements lodged with the Australian Securities Exchange:** All ASX announcements made to the market, including annual and half year financial results, are posted on oOh!media's website as soon as they have been released by ASX;
- **Media Releases:** Copies of all media releases made by oOh!media are posted on oOh!media's website;
- **Presentations:** Copies of all investor presentations made to analysts and media briefings are posted on oOh!media's website, and where appropriate, oOh!media will use web-casting or teleconferencing of these presentations and briefings; and
- **Investor Relations:** oOh!media has an investor relations program to facilitate two-way communication with investors, incorporating a telephone helpline facility and an online email inquiry service to assist shareholders with any queries. Shareholders are given the option of receiving communications from oOh!media, and sending communications to oOh!media, electronically.

oOh!media is currently considering how to facilitate shareholders' greater participation at meetings of shareholders including through web-casts and other technological opportunities.

### Principle 7: Recognise and manages risk

#### Audit, Risk and Compliance Committee

Under the Board Charter one of the key responsibilities and functions of the Board is reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance, including reviewing procedures to identify the main risks associated with oOh!media's businesses and the implementation of appropriate systems to manage these risks.

The Board has established the Audit, Risk and Compliance Committee to assist it in discharging its functions, to review oOh!media's risk management framework and procedures and recommending improvements to the Board to enhance the effectiveness of the risk management framework.

The Audit, Risk and Compliance Committee's primary roles with respect to risk management and compliance are to review and report to the Board that:

- The Audit, Risk and Committee has, at least annually, reviewed oOh!media's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
- Adequate policies and processes have been designed and implemented to manage identified risks;
- Reviewing oOh!media's level of insurance;
- Overseeing tax compliance and tax risk management;
- At least annually an audit has been undertaken to test the adequacy of and compliance with prescribed policies; and
- Proper remedial action is undertaken to redress areas of weakness.

#### Risk Management Framework

Risk management is viewed by oOh!media as integral to its objective of creating and maintaining shareholder value. oOh!media is committed to embedding risk management practices through all levels of the organisation to support the achievement of business objectives and to fulfil its corporate governance obligations.

oOh!media has a Risk Management Policy and a documented risk assessment process, scheduled for review at least annually by management and the Audit, Risk and Compliance Committee.

Since listing, the Audit, Risk and Compliance Committee has reviewed oOh!media's risk management framework at a high level and reported to the Board that it is satisfied that the risk management framework is sound and effectively identifies all areas of potential risk. The Audit, Risk and Compliance Committee will continue to review oOh!media's risk management framework during 2015.

#### Internal audit

The Audit, Risk and Compliance Committee is responsible for overseeing processes to ensure there is an adequate system of internal control, reviewing the internal control systems and the operational effectiveness of the policies and procedures related to risk and control, monitoring break downs of internal controls, and reviewing the effectiveness of oOh!media's internal control framework.

Given the size of the company, oOh!media does not have an internal audit function. However it is noted this is reviewed on an annual basis.

Instead, the shared services function, working with external advisors as appropriate, oversees the adequacy and effectiveness of oOh!media's systems for risk management, internal control and governance, and provides recommendations to improve the efficiency and effectiveness of these systems and processes. The COO provides the Audit, Risk and Compliance Committee with information relevant to assist the Committee discharge its roles and responsibilities.

#### Environment and social sustainability risks

oOh!media identifies and reports against material economic, environmental or social sustainability risks as part of its formal risk review process. Together with the Audit, Risk and Compliance Committee, oOh!media is formalising its reporting process for material economic, environmental or social sustainability risks so it can adequately communicate how it manages and intends to manage identified risks.

# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

### Principle 8: Remunerate fairly and responsibly

#### Remuneration and Nomination Committee

oOh!media has established a Remuneration and Nomination Committee which is responsible for matters relating to the remuneration of the Directors, CEO and other Senior Management.

#### Policies in relation to remuneration of Non-Executive Directors and senior executives

To ensure the independence of Directors, Directors are paid fees but are not invited to participate in oOh!media's performance-based plans.

Senior Management are generally entitled to a remuneration package that contains a mix of base salary and performance-related incentives.

Further details of remuneration policy for Non-executive Directors and Senior Management are set out in the Remuneration Report.

#### Policy for Dealing in Securities

On 28 November 2014, oOh!media adopted a Policy for Dealing in Securities, which is intended to explain the types of conduct in relation to dealings in securities that are prohibited under the *Corporations Act 2001* (Cth) and establish best practice procedure for buying and selling securities that protects oOh!media, the Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Board considers that compliance with the Policy is essential to ensure that the highest standards of conduct are being met by all Directors and employees.

The Policy applies to all Directors and officers of the Group, Senior Management and employees of the Group, and connected persons of these parties, and sets out when participants are permitted to enter into transactions, and when they are not.

The Policy for Dealing in Securities is available on oOh!media's website at <http://www.oohmedia.com.au/corporate-governance>

The extent oOh!media's corporate governance practices satisfy the ASXCGC Principles and Recommendations are detailed below (relating to the period commencing on 17 December 2014, the date the Company was admitted to the Official list of the ASX).

Recommendation	Comply	Reference
<b>Principle 1 - Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management	Yes Yes 54-56 54-56
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; (b) Provide security holders with all material information in its possession in relation to a decision on whether or not to elect or re-elect a director.	Yes Yes 56-57 56-57
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes 57
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair; on all matters to do with proper functioning of the board.	Yes 58
1.5	A listed entity should (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) Disclose that policy or a summary of it; and (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined 'senior' executive' for these purposes); or (2) If the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined and published under that Act.	Yes Yes No Yes n/a 58 58 58
1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes 57 57
1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes 58 58
<b>Principle 2 - Structure the board to add value</b>		
2.1	The board of a listed entity should: (a) Have a nomination committee which: (1) Has at least 3 members, a majority of whom are independent directors; (2) Is chaired by an independent director; And disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committees met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose that fact and the process it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes Yes Yes Yes Yes n/a 55-56, 59 55-56, 59 55-56, 59 55-56, 59 24
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes 60
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.	Yes n/a 21,56,59



# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

Recommendation	Comply	Reference
2.4 A majority of the board of a listed entity should be independent directors.	No	21, 59
2.5 A chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	21, 59
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	60
<b>Principle 3 – Act ethically and responsibly</b>		
3.1 A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; (b) Disclose that code or a summary of it.	Yes Yes	60 60
<b>Principle 4 – Safeguard integrity in corporate reporting</b>		
4.1 The board of a listed entity should: (a) have an audit committee which: (1) Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) Is chaired by an independent director, who is not a chair of the board, And disclose: (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or (b) If it does not have an audit committee, disclose that fact and the process it employs to independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes Yes Yes Yes Yes Yes n/a	55-56, 61 55-56, 61 55-56, 61 55-56, 61 24 n/a
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	61
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	61
<b>Principle 5 – Make timely and balanced disclosure</b>		
5.1 A listed entity should: (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it.	Yes Yes	61 61
<b>Principle 6 – Respect the rights of security holders</b>		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	62
6.2 A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.	Yes	62
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	62
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	62

Recommendation	Comply	Reference
<b>Principle 7 – Recognise and manage risk</b>		
7.1 The board of a listed entity should: (a) Have a committee or committees to oversee risk, each of which: (1) Has at least 3 members, a majority of whom are independent directors; and (2) Is chaired by an independent director. And disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes Yes Yes Yes Yes Yes n/a	55-56,63 55-56,63 55-56,63 55-56,63 55-56,63 24 n/a
7.2 The board or a committee of the board should: (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) Disclose, in relation to each reporting period, whether such a review has taken place.	Yes Yes	63 63
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes Yes	63 63
7.4 A listed entity should disclose whether it has any material disclosure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	63
<b>Principle 8 – Remunerate fairly and responsibly</b>		
8.1 A board of a listed entity should: (a) Have a remuneration committee which: (1) Has at least 3 members, a majority of whom are independent directors; and (2) Is chaired by an independent director; And disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose the fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes Yes Yes Yes Yes Yes n/a	55-56, 64 55-56, 64 55-56, 64 55-56, 64 24 n/a
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non executive directors and other senior executives	Yes	40-41
8.3 A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk or participating in the scheme; and (b) Disclose that policy or a summary of it.	Yes Yes	64 64

This Corporate Governance Statement is current as at 20 March 2015 and has been approved by the Board.





# FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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### General Information

The financial statements cover oOh!media Limited as the consolidated entity and the entities it controlled. The financial statements are presented in Australian currency.

oOh!media is a listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2  
76 Berry Street  
North Sydney  
New South Wales 2060

The financial report was authorised for issue, in accordance with a resolution of the Directors. The Directors' have the power to amend and reissue the financial report.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated	
		31-Dec-14 \$'000	31-Dec-13 \$'000
Revenue from continuing operations	8	261,299	250,367
Cost of media sites and production	10	(173,320)	(167,445)
<b>Gross profit</b>		<b>87,979</b>	<b>82,922</b>
Employee benefits expense		(32,511)	(36,801)
Consultancy fees		(182)	(1,076)
Depreciation and amortisation expense	18,19	(22,433)	(23,789)
Legal and professional fees		(875)	(1,556)
Other property related costs		(2,132)	(2,410)
Advertising and marketing expenses		(2,285)	(2,592)
Impairment losses	20	(11,119)	-
IPO related expenses	11	(6,123)	-
Other expenses	9	(7,973)	(9,429)
<b>Operating profit</b>		<b>2,346</b>	<b>5,269</b>
Finance income	12	62	30
Finance costs	12	(26,044)	(21,921)
<b>Net finance costs</b>	12	<b>(25,982)</b>	<b>(21,891)</b>
Share of profit of equity-accounted investees, net of tax		304	-
<b>Loss before income tax</b>		<b>(23,332)</b>	<b>(16,622)</b>
Income tax expense	14	(1,453)	(2,289)
<b>Loss from continuing operations</b>		<b>(24,785)</b>	<b>(18,911)</b>
<b>Net loss attributable to:</b>			
Equity holders of the parent		(24,787)	(18,153)
Non-controlling interest		2	(758)
<b>Loss for the year</b>		<b>(24,785)</b>	<b>(18,911)</b>
<b>Other comprehensive loss for the period</b>			
Items that may be subsequently classified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax	23	(93)	-
Foreign currency translation differences	23	(115)	(82)
<b>Total comprehensive loss for the period</b>		<b>(24,993)</b>	<b>(18,993)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
Equity holders of the parent		(24,995)	(18,235)
Non-controlling interest		2	(758)
		<b>(24,993)</b>	<b>(18,993)</b>
<b>Loss per share</b>			
Basic loss per share (cents)	35	(0.37)	(0.29)
Diluted loss per share (cents)	35	(0.37)	(0.29)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated	
		31-Dec-14 \$'000	31-Dec-13 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	20,197	15,503
Trade and other receivables	16	52,237	48,176
Income tax receivable		1,699	1,987
Inventories	15	234	1,218
Other assets	21	11,440	5,402
<b>Total current assets</b>		<b>85,807</b>	<b>72,286</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	62,387	71,120
Intangible assets and goodwill	19	217,587	226,693
Investments in equity-accounted investees		304	-
Deferred tax asset	14	9,816	5,897
<b>Total non-current assets</b>		<b>290,094</b>	<b>303,710</b>
<b>Total assets</b>		<b>375,901</b>	<b>375,996</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	25	26,508	28,749
Borrowings	24	216	10,302
Deferred consideration	29	2,323	-
Provisions	26	8,785	6,670
<b>Total current liabilities</b>		<b>37,832</b>	<b>45,721</b>
<b>Non-current liabilities</b>			
Borrowings	24	81,663	198,284
Deferred consideration	29	-	13,320
Provisions	26	14,677	15,428
Derivative liability interest rate swaps	22	94	1,705
<b>Total non-current liabilities</b>		<b>96,434</b>	<b>228,737</b>
<b>Total liabilities</b>		<b>134,266</b>	<b>274,458</b>
<b>Net assets</b>		<b>241,635</b>	<b>101,538</b>
<b>Equity</b>			
Share capital	23	283,585	142,072
Reserves	23	24,566	1,197
Accumulated losses	23	(66,404)	(41,617)
Non-controlling interest	23	(112)	(114)
<b>Total equity</b>		<b>241,635</b>	<b>101,538</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Consolidated	
		31-Dec-14 \$'000	31-Dec-13 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of Goods and Services Tax)		282,741	272,692
Payments to suppliers and employees (inclusive of Goods and Services Tax)		(243,104)	(241,846)
Cash generated from operations		39,637	30,846
Interest paid		(11,569)	(12,997)
Income tax paid		(434)	(4,162)
<b>Net cash from operating activities</b>	36	<b>27,634</b>	<b>13,687</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment	18,29	(11,874)	(11,235)
Payment for acquisition of intangible assets	19,29	(5,905)	-
Payment for acquisition of subsidiaries, net of cash acquired	29	(2,017)	(11,307)
Deferred consideration paid	29	(15,000)	-
Proceeds from sale of property, plant and equipment		-	396
Proceeds from sale of subsidiaries		-	279
<b>Net cash used in investing activities</b>		<b>(34,796)</b>	<b>(21,867)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares not related to IPO	23	585	1,100
Proceeds from issue of shares related to IPO	23	167,115	-
Payments for buyback of shares	23	(1,108)	(1,640)
Payment of transaction costs related to IPO		(9,260)	-
Net cost to cancel existing management equity plan	23	(1,044)	-
Proceeds from minority shareholder interest		-	500
Payment of interest rate swaps		(1,813)	-
Proceeds from borrowings		103,157	34,286
Payment of transaction costs related to loans and borrowings		(420)	-
Repayment of borrowings		(170,932)	(24,983)
Repayment of related party borrowings		(74,274)	-
Payment of lease liabilities		(150)	(508)
<b>Net cash from financing activities</b>		<b>11,856</b>	<b>8,755</b>
<b>Net decrease in cash and cash equivalents</b>		<b>4,694</b>	<b>575</b>
Cash and cash equivalents at beginning of period		15,503	14,928
<b>Cash and cash equivalents at end of period</b>	17	<b>20,197</b>	<b>15,503</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Consolidated							Total equity \$'000
	Contributed equity \$'000	Foreign currency transaction reserve \$'000	Other equity reserve (1) \$'000	Cash flow hedge reserve \$'000	Share-based payments reserve \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	
<b>Balance at 1 January 2013</b>	142,612	197	-	-	462	(23,464)	144	119,951
<b>Total comprehensive income for the period:</b>								
Loss for the period after income tax	-	-	-	-	-	(18,153)	(758)	(18,911)
<b>Other comprehensive income:</b>								
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	(82)	-	-	-	-	-	(82)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(82)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,153)</b>	<b>(758)</b>	<b>(18,993)</b>
<b>Transactions with owners, recorded directly in equity:</b>								
Issue of ordinary shares	1,100	-	-	-	-	-	-	1,100
Buyback of ordinary shares	(1,640)	-	-	-	-	-	-	(1,640)
Equity-settled share-based payment transactions	-	-	-	-	620	-	-	620
Capital contribution by minority shareholder	-	-	-	-	-	-	500	500
<b>Total transactions with owners</b>	<b>(540)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>620</b>	<b>-</b>	<b>500</b>	<b>580</b>
<b>Balance at 31 December 2013</b>	<b>142,072</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>1,082</b>	<b>(41,617)</b>	<b>(114)</b>	<b>101,538</b>
<b>Balance at 1 January 2014</b>	<b>142,072</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>1,082</b>	<b>(41,617)</b>	<b>(114)</b>	<b>101,538</b>
<b>Total comprehensive income for the period:</b>								
Profit/(loss) for the period after income tax	-	-	-	-	-	(24,787)	2	(24,785)
<b>Other comprehensive income:</b>								
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(93)	-	-	-	(93)
Exchange differences on translation of foreign operations	-	(115)	-	-	-	-	-	(115)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(115)</b>	<b>-</b>	<b>(93)</b>	<b>-</b>	<b>(24,787)</b>	<b>2</b>	<b>(24,993)</b>
<b>Transactions with owners, recorded directly in equity:</b>								
Issue of ordinary shares	166,656	-	-	-	-	-	-	166,656
Buyback of ordinary shares	(1,108)	-	-	-	-	-	-	(1,108)
Share issue costs	(5,627)	-	-	-	-	-	-	(5,627)
Movement to other equity reserve	(18,408)	-	18,408	-	-	-	-	-
Equity-settled share-based payment transactions	-	-	-	-	5,169	-	-	5,169
<b>Total transactions with owners</b>	<b>141,513</b>	<b>-</b>	<b>18,408</b>	<b>-</b>	<b>5,169</b>	<b>-</b>	<b>-</b>	<b>165,090</b>
<b>Balance at 31 December 2014</b>	<b>283,585</b>	<b>-</b>	<b>18,408</b>	<b>(93)</b>	<b>6,251</b>	<b>(66,404)</b>	<b>(112)</b>	<b>241,635</b>

1. The other equity reserve represents the difference between the issued capital in Outdoor Media Investments Limited (OMI) and the consideration paid to acquire OMI on 18 December 2014. Refer to Note 6 for further information.

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





# NOTES TO THE FINANCIAL STATEMENTS

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# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 1. Reporting Entity

oOh!media is a for-profit, Out Of Home media company limited by shares, primarily involved in outdoor media, production and advertising. The company was incorporated in Australia on 7 October 2014 and listed on the Australian Securities Exchange on 17 December 2014. oOh!media's registered office is at Level 2, 76 Berry Street, North Sydney, NSW 2060.

The acquisition of Outdoor Media Investments Limited (OMI) and its subsidiaries by oOh!media Limited (OML) completed on 18 December 2014. This resulted in an internal restructure with oOh!media becoming the holding company of the Group. The consolidated financial statements comprises oOh!media and its subsidiaries (collectively the Group). The results are for a full 12 month period.

The Directors elected to account for the internal restructure as a capital reorganisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of the new Group have been presented as a continuation of the pre-existing accounting values of assets and liabilities in OMI's financial statements.

In adopting this approach the Directors note that there is an alternate view that such a restructure conditional on the IPO completing could be accounted for as a business combination that follows the legal structure of oOh!media being the acquirer. If this view had been taken, the net assets of the group would have been uplifted to fair value by \$60.1 million, based on a market capitalisation at IPO of \$289.3 million, with consequential impacts on the statement profit or loss and other comprehensive income and statement of financial position.

An International Accounting Standards Board (IASB) project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any future changes to the accounting standards are unlikely to require retrospective amendments to the financial statements.

The financial report represents the period 1 January 2014 to 31 December 2014, including the consolidated financial results for OML for the period 18 December 2014 to 31 December 2014, and the consolidated group under OMI for the period 1 January 2014 to 17 December 2014.

The comparative information presented in the financial report represents the financial position of OMI as at 31 December 2013 and its performance for the period 1 January 2013 to 31 December 2013, refer to Note 6.

### 2. Basis of Accounting

#### (a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the IASB.

In previous periods, the Group prepared special purpose financial statements. Special purpose financial statements are unable to claim compliance with IFRS because they do not comply with the disclosure requirements of all accounting standards. As a result of the Group preparing general purpose financial statements for the first time, the Group has applied AASB 1 First Time Adoption of Australian Accounting Standards in preparing these annual financial statements. As the Group has always materially complied with the recognition and measurement criteria of all AASBs, the Group's accounting policies have not changed in the current period, there is no quantitative effect on the prior year's results and therefore no transition reconciliations are provided in the notes to these annual financial statements.

Full disclosure notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated special purpose financial statements as at and for the year ended 31 December 2013.

These consolidated annual financial statements were approved and authorised for issue by the Board of Directors on 20 March 2015.

#### (b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value.

#### (c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is oOh!media's functional currency.

oOh!media is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

#### (d) Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

##### i. Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 6 - capital reorganisation;
- Note 3(i)(iii) - share-based payments;
- Note 3(q) - onerous lease provisions;
- Note 3(d) - estimated useful lives of assets; and
- Note 20 - impairment of non-current assets.

##### ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 December 2014 are included in the following notes:

- Note 3(b) - recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Note 3(l) - impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs; and
- Notes 3(c)(ii); 3(g)(ii); 3(q) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.



# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, who report directly to the CFO.

The finance team reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit, Risk and Compliance Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 3(i)(iii) – share-based payment arrangements;
- Note 3(t) – financial instruments.

## 3. Significant Accounting Policies

### (a) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of oOh!media and the results of subsidiaries. oOh!media and its subsidiaries together are referred to in this financial report as 'the Group'.

### Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity.

### Investments in equity accounted investees

The Group's interest in equity accounted investees represents its interest in a joint venture. A joint venture is an arrangement which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interest in the joint venture is accounted for using the equity method. It is originally recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the joint venture until the date at which joint control ceases.

### Transactions eliminated on consolidation

Intra group balances and transactions and any unrealised income and expense arising from intra group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Income Tax

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

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

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of Investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### Tax Consolidation Legislation

oOh!media and its wholly-owned Australian controlled entities apply the tax consolidation legislation.

The deferred tax balances recognised by the parent entity and the consolidated entity in relation to wholly-owned entities joining the tax consolidated group are initially measured and remeasured based on the carrying amounts of the assets and liabilities of those entities at the level of the tax consolidated group and their tax values, as applicable under the tax consolidation legislation.

oOh!media, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax (expense)/benefit.

In accordance with UIG Interpretation 1052 Tax Consolidation Accounting, the controlled entities in the tax consolidated group account for their own deferred tax balances, except for those relating to tax losses.

### (c) Receivables and Revenue Recognition

#### i. Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax. Revenue from core operating activities consists of out of home advertising revenues. Revenue from out of home advertising is recognised equally on a pro-rata basis over the period in which the advertising is on display. Revenue for media production work is recognised on completion of the assignment. Commissions payable to advertising and media agencies are recognised as direct costs.

#### ii. Receivables

All trade debtors are recognised at the amount receivable as they are due for settlement no more than 45 days from the date of recognition. Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity may not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of financial position with a corresponding charge recognised in the statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

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### (d) Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Within the Group, depreciation is calculated on a straight line basis to depreciate off each item of plant and equipment over its estimated remaining useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

- Leasehold improvements	2-10 years
- Plant and equipment	2-20 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

### (e) Intangible Assets

#### i. Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for impairment testing. See Note [3(l)] for further information.

#### ii. Licenses

Licenses represent the rights and relationships associated with acquired site leases and the associated new business revenue streams. These other intangible assets are being amortised over their expected useful life (on average 15 years).

#### iii. Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### iv. Amortisation

Amortisation is calculated to expense the cost of intangible assets less estimated residual values using the straight line method over their estimated useful lives, and is recognised in the statement of profit or loss and comprehensive income. The useful lives are as follows:

- Licenses	15 years
- Brands	15 years
- Software	3 years

### (f) Other Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition.

#### i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

#### ii. Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

#### iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

### (g) Leases

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

#### i. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease. The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to oOh!media. Each lease payment is allocated between the surplus lease space provision and finance charge.

#### ii. Finance leases

Assets under Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal.

The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred. The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that oOh!media will obtain ownership of the asset, the life of the asset.

### (h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Income in advance is recognised within trade payables where rental invoices are issued in advance of the period in which the revenue is earned.

### (i) Employee Benefits

#### i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ii. Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Benefits falling more than twelve months after the end of the reporting period are classified as non-current.

#### iii. Shared-based payment transactions

oOh!media currently engages in the practice of allocating its employees equity share-based payments as part of their remuneration packages.

The grant date fair value of share-based payment awards granted to employees is recognised as a share based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the equity instrument is calculated using the Black-Scholes or Binomial model. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.



# NOTES TO THE FINANCIAL STATEMENTS

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### iv. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value and classified as non-current.

### v. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or reduction of future payments is available.

### (j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid investments with original maturities of three months or less that are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

### (k) Business combinations

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. The non-controlling interest in the acquiree is either measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment by the acquiree to restructure the acquired entity and a reliable estimate of the amount of the liability can be made.

When control is lost, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

### (l) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (m) Foreign currency translation

#### i. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### ii. Foreign controlled entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates unless this is not a reasonable approximation of the;
  - Cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
  - All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, ceases operation or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### (n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

### (o) Finance income and finance costs

#### i. Finance costs

Recognised as expenses in the period in which they are incurred. Finance costs include interest on bank overdraft, finance lease charges, short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings.

#### ii. Finance income

Recognised as income in the period in which it is earned. Finance income includes interest income which is recognised on a time proportion basis using the effective interest method.

### (p) Maintenance and repairs

Certain plant and equipment is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. 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 over their useful lives. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

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### (q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

#### i. Make good

A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost. At the time of initial recognition of the make good provision a corresponding asset is recognised as part of plant and equipment.

#### ii. Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### iii. Straight line rent

A provision for straight line rent is recognised to account for the difference between the straight line accounting expense recognised in the statement of profit or loss and other comprehensive income and the periodic cash payment as a result of fixed rental increases. The provision is amortised to nil by the lease expiration date.

### (r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the balance sheet.

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 taxation authority, are presented as operating cash flows.

### (s) Other Accounting Policies

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated special purpose financial statements as at and for the year ended 31 December 2013.

#### i. Segment reporting

Segments results that are reported to the Board (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### ii. Earnings per share

oOh!media presents basic and diluted earnings per share data. Basic earnings per share is calculated by dividing the net profit or loss attributable to shareholders of oOh!media by the weighted average number of common shares outstanding during the years. The diluted earnings per share is determined by adjusting the net profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

oOh!media uses the treasury stock method for calculating diluted earnings per share. The diluted earnings per share calculation considers the impact of potentially dilutive instruments, if any.

### (t) Derivative Financial Instruments

From 1 January 2014 up until 17 December 2014, the Group did not adopt hedge accounting. Since the recent listing, the directors of the Company have decided to adopt hedge accounting. A new hedge book was established on 18 December 2014.

Hedge accounting has been adopted in compliance with AASB 139 Financial Instruments: Recognition and Measurement. The accounting policy for cash flow hedges is as follows:

- When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
- The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

### (u) Glossary

Refer to page 120 for Glossary of defined terms.

## 4. Changes in Accounting Policies

The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year. As noted in note 3(t), the Group adopted hedge accounting for the first time in December 2014. This is not deemed to represent a change in accounting policy under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, but rather a change in the Group's risk management strategy.

## 5. New Standards and interpretations

The Group has adopted all of the relevant new, revised, or amending Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period.

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

## 6. Corporate Reorganisation

On 18 December 2014, the shareholders of oOh!media and Outdoor Media Investments Limited (OMI) undertook a corporate reorganisation in which oOh!media acquired all the equity in OMI. This corporate reorganisation is classified as a common control transaction under AASB3 "Business Combinations", and is therefore not considered a business combination under this Standard.

oOh!media's accounting policy for common control transactions is to account for the acquisition at book value (carry-over basis). No fair value adjustments are recognised on the acquisition and the financial report represents a continuation of OMI except for an adjustment to reflect the share capital of the legal parent of the Group. oOh!media has applied this accounting approach as it best describes the historical performance of the existing reporting Group.

Accordingly, the financial report represents the period 1 January 2014 to 31 December 2014, including the consolidated financial results for oOh!media for the period 18 December 2014 to 31 December 2014.

The comparative information presented in the financial report represents the financial position of OMI as at 31 December 2013 and its performance for the period 1 January 2013 to 31 December 2013.

Due to the acquisition of OMI being accounted for as a common control transaction, the other equity reserve reflects the consideration paid to acquire OMI compared to the valuation of the issued capital of OMI at the initial public offering date.

A reconciliation of the consideration transferred to acquire OMI is presented below:

Consideration	\$'000
Valuation of share capital prior to acquisition	141,549
Shares issued to pre-acquisition shareholders as consideration	(123,141)
<b>Other Reserve account closing balance</b>	<b>18,408</b>

## 7. Operating Segments

### (a) Basis for segmentation

The Group operates as a single segment providing a range of Out Of Home advertising solutions.

### (b) Information about reportable segments

Key information relating to the Group's financial performance detailed below and as included in management reports reviewed by the Group's chief operating decision maker (the Board). Adjusted EBITDA is used to measure performance because management believe it is the most relevant in assessing the financial performance of the segment.



# NOTES TO THE FINANCIAL STATEMENTS

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	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>External Revenues*</b>		
Road	102,250	106,620
Retail	89,524	84,574
Fly	50,976	41,955
Place Based Media	8,840	5,439
New Zealand	9,709	9,731
Indonesia	-	2,048
	<b>261,299</b>	<b>250,367</b>

\*All revenues excluding NZ and Indonesia have been generated in Australia

### (c) Reconciliation of information on reportable segments to IFRS measures

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Adjusted EBITDA</b>	<b>42,144</b>	<b>29,058</b>
Initial Public Offering (IPO) related expenses	(6,123)	-
Other	(123)	-
Adjusted EBITDA per Prospectus definition	35,898	29,058
Share of profit of equity-accounted investees, net of tax	304	-
Amortisation	(8,941)	(9,521)
Depreciation	(13,492)	(14,268)
Impairment of non-current assets	(11,119)	-
Net finance costs	(25,982)	(21,891)
<b>Loss before income tax</b>	<b>(23,332)</b>	<b>(16,622)</b>

## 8. Revenue

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Sale of media, production and services	259,532	249,910
Other	1,767	457
	<b>261,299</b>	<b>250,367</b>

## 9. Other Expenses

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Office Expenses	1,279	1,458
Information Technology and Communication Expenses	1,397	1,188
Taxes and Charges	1,347	1,635
Loss on sale of assets	886	512
Other expenses	3,064	4,636
	<b>7,973</b>	<b>9,429</b>

## 10. Cost of Media Sites and Production

Cost of media sites and production for the twelve months ended 31 December 2014 includes an amount of \$1,029,000 (2013: nil) relating to a provision recognised in respect of a number of onerous lease contracts identified by the Group. The provision has been recognised and measured in accordance with the accounting policy outlined in Note 3(q)(ii). See Note 26 for further detail on onerous contract provision movements during the year.

## 11. Initial Public Offering (IPO) Related Expenses

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Close out of Legacy MEP	3,902	-
Stamp duty	1,000	-
Professional and legal fees	1,221	-
	<b>6,123</b>	<b>-</b>

## 12. Net Finance Costs

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Finance income	62	30
Interest expense on bank borrowings	(10,878)	(12,440)
Amortisation of debt facility establishment costs	(5,266)	(1,647)
Finance leases	(37)	(56)
Other interest expense	(2,005)	(1,475)
Interest expense related parties	(7,750)	(7,382)
Mark to market gain/(loss) on interest rate swaps (i)	(108)	1,079
<b>Finance Costs</b>	<b>(26,044)</b>	<b>(21,921)</b>
<b>Net Finance Costs</b>	<b>(25,982)</b>	<b>(21,891)</b>

(i) After 18 December 2014, mark to market gains and losses will be posted to Other Comprehensive Income.

## 13. Share-based payments

### Description of the Share-based Payment Arrangements

During the 2014 year oOh!media had the following share based payments arrangements.

#### (a) Long-term incentive plan - performance rights

As part of the IPO in December 2014, oOh!media issued 1,108,808 performance rights in two tranches that entitle Senior Management to acquire shares in oOh!media. As the performance right entitles the holder the right to receive a share for no consideration at a future date, the exercise price is considered to be nil.

The key terms of these grants and assumptions in the calculation of the grant date fair value are outlined below:

Performance rights granted to Senior Management are as follows:

	Grant date	Vesting date	Number of instruments
Tranche 1	17-Dec-14	15-Feb-18	839,378
Tranche 2	17-Dec-14	15-Apr-16	269,430
<b>Total performance rights</b>			<b>1,108,808</b>

# NOTES TO THE FINANCIAL STATEMENTS

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### Measurement of fair values

The fair value of the share-based payment plans was measured based on the Binomial model. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

*Fair value of performance rights and assumptions*

	31-Dec-14
<b>Tranche #1</b>	
Share price at grant date	\$1.93
Fair value at grant date	\$1.73
Exercise price	Nil
Expected volatility*	20% to 25%
Expected life	3 years
Expected dividends	3.0% to 3.5%
Risk-free interest rate (based on government bonds)	2.74%
<b>Tranche #2</b>	
Share price at grant date	\$1.93
Fair value at grant date	\$1.84
Exercise price	Nil
Expected volatility*	30% to 35%
Expected life	1.25 years
Expected dividends	3.0% to 3.5%
Risk-free interest rate (based on government bonds)	2.53%

\* Given oOh!media did not have recent trading history at grant date, it was not possible to observe the historic volatility of oOh!media's share price. Accordingly the historic volatility of the share prices of comparable companies over periods consistent with the relevant vesting periods were considered.

### Reconciliation of performance rights

The number of performance rights on issue during the year is illustrated below:

	Number of rights	Face Value
	31-Dec-14	31-Dec-14
Outstanding at 1 January	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Granted during the period - Tranche #1	839,378	\$1,620,000
Granted during the period - Tranche #2	269,430	\$520,000
<b>Outstanding at 31 December</b>	<b>1,108,808</b>	<b>\$2,140,000</b>
<b>Exercisable at 31 December</b>	<b>-</b>	<b>-</b>

A share based payment expense of \$35,000 relating to the performance rights was expensed in the year to 31 December 2014 and is included in the 'Employee benefits' expense line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This amount represents the share-based payment expense from the date of listing to balance date (approximately two weeks).

### (b) Legacy OMI Management Equity Plan (MEP)

#### Share option programme (equity-settled)

##### i. Shares

A number of Senior Management purchased shares in OMI in 2012 under the MEP. As part of oOh!media's acquisition of OMI, these executives elected to receive cash or shares in oOh!media in exchange for these OMI shares. As the participants in the MEP paid fair value for these OMI shares at grant date, no share-based payment expense was recognised in respect of these shares at initial grant date or in respect of the exchange for oOh!media shares.

##### ii. Options and loan shares

A number of Senior Management were awarded share options and loan shares under a MEP in OMI in previous reporting periods. A Non-executive Director was also awarded share options on his appointment to the Board in the current reporting period. These options were awarded for nil consideration and each option entitled the participant to purchase one share in OMI on or after the vesting date at the relevant exercise price. The table below shows the number and weighted average exercise prices of share options on issue in 2013 and 2014:

Grant date	Number of instruments		
	Options	Loan Shares	Total Number
Granted to Management			
20 August 2012	76,977,778	4,111,111	81,088,889
31 May 2013	17,777,778	-	17,777,778
22 November 2013	9,519,420	1,769,635	11,289,055
31 January 2014	3,051,098	-	3,051,098
Total share options granted	107,326,074	5,880,746	113,206,820
Options since cancelled or forfeited	(107,326,074)	(5,880,746)	(113,206,820)
<b>Total as at 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Measurement of fair values

The fair value of the share-based payment plans was measured based on the Black-Scholes formula.

#### Equity-settled share-based payment plans

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

*Fair value of share options and assumptions*

	31-Dec-14	31-Dec-13
Fair value at grant date	\$0.25	\$0.25
Exercise price	\$0.225 - \$0.675	\$0.225 - \$0.675
Expected volatility*	70%	70%
Expected life	2.5 years	3.5 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	3%	3%

\* Given oOh!media did not have recent trading history at grant date, it was not possible to observe the historic volatility of oOh!media's share price. Accordingly the historic volatility of the share prices of comparable companies over periods consistent with the relevant vesting periods were considered.

### Reconciliation of outstanding share options

The number and weighted average exercise prices of options under the Legacy Management Equity Plan were as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	31-Dec-14	31-Dec-14	31-Dec-13	31-Dec-13
Outstanding at 1 January	70,601,534	\$0.49	76,977,776	\$0.49
Forfeited during the period	(2,103,224)	\$0.49	(27,644,442)	\$0.49
Exercised during the period	-	-	-	-
Granted during the period	3,051,098	\$0.49	21,268,200	\$0.49
Expired during the period	-	-	-	-
Options cancelled during the period	(71,549,408)	-	-	-
<b>Outstanding at 31 December</b>	<b>-</b>	<b>-</b>	<b>70,601,534</b>	<b>\$0.49</b>
<b>Exercisable at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

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As can be seen above no OMI options remain outstanding at 31 December 2014. As at the IPO date, the exercise price of the options was reduced and all outstanding options were settled for cash. This resulted in the acceleration of the remaining grant date fair value through the statement of profit or loss and other comprehensive income for the year ended 31 December 2014 and the recognition of additional share based payment expense to reflect the incremental value awarded to the participants by reducing the exercise prices of the options. The impact of the this modification on the statement of profit or loss and other comprehensive income was \$1,761,000. The total share based payment recognised in the statement of profit or loss and other comprehensive income in respect of these share options was \$2,932,000 (2013: \$541,000).

A payment was made to the option holders in relation to the cancellation of the options in December 2014. The impact of the this payment on the statement of profit or loss and other comprehensive income was \$1,927,000.

### iii. Loan shares

OMI issued loans to a number of Senior Management to purchase loan shares in OMI in 2012 and 2013. These loans were limited recourse in nature and recoverable only against the value of the loan shares at the forecast vesting date. A share-based payment expense was being recognised over the vesting period to reflect the grant date fair value of the loan share transactions, measured using an option pricing model.

The loan shares vested on IPO at 17 December 2014 (being approximately 1.5 years before the assumed vesting date). When loan shares were exchanged for shares in oOh!media on a 1 for 10 basis in accordance with the share consolidation described in Note 23(ii). This resulted in the acceleration of the remaining grant date fair value (\$165,000) through the statement of profit or loss and other comprehensive income. The total share based payment expense recognised in respect of these loan shares is \$275,000 (2013: \$79,000). The proceeds from the sale of these shares was applied to the loans in full settlement of the participant's obligations. There is no balance outstanding from participants at 31 December 2014 in respect of these loan shares.

### Reconciliation of outstanding loan shares

The number of loan shares under the Legacy Management Equity Plan were as follows:

	Number of loan shares 31-Dec-14	Number of loan shares 31-Dec-13
Outstanding at 1 January	4,436,302	4,111,111
Forfeited during the period	-	(1,444,444)
Granted during the period	-	1,769,635
Exchanged for shares in oOh!media	(4,436,302)	-
<b>Outstanding at 31 December</b>	<b>-</b>	<b>4,436,302</b>

## 14. Income Tax

### Tax Recognised in Profit or Loss

	31-Dec-14 \$'000	31-Dec-13 \$'000
<b>Current tax expense/(benefit)</b>		
Current tax expense/(benefit)	1,093	(1,097)
Adjustment for prior periods	2,322	2,586
<b>Total current income tax expense</b>	<b>3,415</b>	<b>1,489</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,962)	800
Total deferred income tax expense/(benefit)	(1,962)	800
<b>Total tax expense</b>	<b>1,453</b>	<b>2,289</b>

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Tax recognised directly in other comprehensive income (OCI)

	2014			2013		
	Before tax \$'000	Tax (expense) benefit \$'000	Net of tax \$'000	Before tax \$'000	Tax (expense) benefit \$'000	Net of tax \$'000
Changes in fair value of cash flow hedges	(93)	28	(65)	-	-	-

### Reconciliation of Effective Tax Rate

	31-Dec-14 \$'000	31-Dec-13 \$'000
Loss after income tax for the year	(24,785)	(18,911)
Total tax expense	1,453	2,289
<b>Loss before income tax</b>	<b>(23,332)</b>	<b>(16,622)</b>
Tax using oOh!media's domestic tax rate 30% (2013: 30%)	(6,999)	(4,987)
Effect of tax rates in foreign jurisdictions	(6)	26
Non-deductible expenses	6,045	3,956
Effect of share of profit of equity-accounted investees	91	-
Current year losses for which no deferred tax asset was recognised	-	707
Change in estimates related to prior years	1,922	785
Under provided in prior years	400	1,802
<b>Total tax expense</b>	<b>1,453</b>	<b>2,289</b>

### Recognised Deferred Tax Assets and Liabilities

	Balance 1 January 2014 \$'000	Recognised in profit or loss \$'000	Recognised in OCI \$'000	Recognised directly in equity \$'000	Balance 31 December 2014 \$'000
<b>Movement in deferred tax balances during the 12 months</b>					
Plant and equipment	(2,040)	1,630	-	-	(410)
IPO transaction costs	-	293	-	-	293
Cash flow hedges	-	-	28	-	28
Capital costs deductible over 5 years	-	-	-	1,929	1,929
Accrued expenses	729	137	-	-	866
Interest rate swaps	512	(512)	-	-	-
Provisions	5,907	229	-	-	6,136
Employee benefits provision	789	168	-	-	957
Carry forward tax loss	-	17	-	-	17
Tax liabilities before set off	5,897	1,962	28	1,929	9,816
Set off of tax	-	-	-	-	-
<b>Total tax assets</b>	<b>5,897</b>	<b>1,962</b>	<b>28</b>	<b>1,929</b>	<b>9,816</b>

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

	Balance 1 January 2013	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Balance 31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Plant and equipment	(821)	(1,219)	-	-	(2,040)
Accrued expenses	299	430	-	-	729
Interest rate swaps	835	(323)	-	-	512
Other provisions	5,527	380	-	-	5,907
Employee benefits provision	857	(68)	-	-	789
Tax liabilities (assets) before set off	6,697	(800)	-	-	5,897
Set off of tax	-	-	-	-	-
<b>Total tax assets</b>	<b>6,697</b>	<b>(800)</b>	<b>-</b>	<b>-</b>	<b>5,897</b>

The Group expects to generate net taxable income in respect of the year ending 31 December 2015. Accordingly a deferred tax asset has been recognised in respect of previous tax losses incurred.

## 15. Inventories

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Work in progress	234	1,218
	<b>234</b>	<b>1,218</b>

## 16. Trade and other receivables

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Trade receivables	51,893	48,248
Allowance for impairment of receivables	(179)	(72)
	51,714	48,176
Other receivables	523	-
	<b>52,237</b>	<b>48,176</b>

## 17. Cash and cash equivalents

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Cash at bank and on hand	20,197	15,503
	<b>20,197</b>	<b>15,503</b>

## 18. Property, plant and equipment

### Reconciliation of Carrying Amount

Consolidated	2013			
	Leasehold Improvements	Plant & Equipment	Leased plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 January 2013	4,679	88,245	10,252	103,176
Additions	1,312	10,075	-	11,387
Disposals	-	(9,997)	-	(9,997)
Effects of movements in exchange rates	-	1,191	-	1,191
<b>At 31 December 2013</b>	<b>5,991</b>	<b>89,514</b>	<b>10,252</b>	<b>105,757</b>
<b>Accumulated depreciation</b>				
At 1 January 2013	(1,888)	(19,950)	(6,134)	(27,972)
Depreciation for the year	(394)	(13,159)	(715)	(14,268)
Impairment	-	-	-	-
Disposals	-	8,367	-	8,367
Effects of movements in exchange rates	-	(764)	-	(764)
<b>At 31 December 2013</b>	<b>(2,282)</b>	<b>(25,506)</b>	<b>(6,849)</b>	<b>(34,637)</b>
<b>Carrying amount</b>				
<b>At 31 December 2013</b>	<b>3,709</b>	<b>64,008</b>	<b>3,403</b>	<b>71,120</b>
Consolidated	2014			
	Leasehold Improvements	Plant & Equipment	Leased plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
At 1 January 2014	5,991	89,514	10,252	105,757
Additions	28	11,985	80	12,093
Disposals	(1,625)	(4,516)	-	(6,141)
Effects of movements in exchange rates	-	(44)	-	(44)
<b>At 31 December 2014</b>	<b>4,394</b>	<b>96,939</b>	<b>10,332</b>	<b>111,665</b>
<b>Accumulated depreciation</b>				
At 1 January 2014	(2,282)	(25,506)	(6,849)	(34,637)
Depreciation for the year	(329)	(12,285)	(878)	(13,492)
Impairment	-	(6,393)	-	(6,393)
Disposals	1,624	3,456	-	5,080
Effects of movements in exchange rates	-	164	-	164
<b>At 31 December 2014</b>	<b>(987)</b>	<b>(40,564)</b>	<b>(7,727)</b>	<b>(49,278)</b>
<b>Carrying amount</b>				
<b>At 31 December 2014</b>	<b>3,407</b>	<b>56,375</b>	<b>2,605</b>	<b>62,387</b>



# NOTES TO THE FINANCIAL STATEMENTS

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### 19. Intangible assets and goodwill

#### Reconciliation of Carrying Amount

Consolidated	2013				
	Brands \$'000	Goodwill \$'000	Licenses \$'000	Software \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2013	7,529	116,497	115,129	836	239,991
Additions	-	1,619	788	94	2,501
<b>At 31 December 2013</b>	<b>7,529</b>	<b>118,116</b>	<b>115,917</b>	<b>930</b>	<b>242,492</b>
<b>Accumulated amortisation</b>					
At 1 January 2013	(1,291)	-	(5,225)	(131)	(6,647)
Amortisation for the year	(439)	-	(9,004)	(78)	(9,521)
Impairment	-	-	369	-	369
<b>At 31 December 2013</b>	<b>(1,730)</b>	<b>-</b>	<b>(13,860)</b>	<b>(209)</b>	<b>(15,799)</b>
<b>Carrying amount</b>					
<b>At 31 December 2013</b>	<b>5,799</b>	<b>118,116</b>	<b>102,057</b>	<b>721</b>	<b>226,693</b>

Consolidated	2014				
	Brands \$'000	Goodwill \$'000	Licenses \$'000	Software \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2014	7,529	118,116	115,917	930	242,492
Additions	-	-	3,980	430	4,410
<b>At 31 December 2014</b>	<b>7,529</b>	<b>118,116</b>	<b>119,897</b>	<b>1,360</b>	<b>246,902</b>
<b>Accumulated amortisation</b>					
At 1 January 2014	(1,730)	-	(13,860)	(209)	(15,799)
Amortisation for the year	(439)	-	(8,290)	(212)	(8,941)
Impairment	-	(2,638)	(1,937)	-	(4,575)
<b>At 31 December 2014</b>	<b>(2,169)</b>	<b>(2,638)</b>	<b>(24,087)</b>	<b>(421)</b>	<b>(29,315)</b>
<b>Carrying amount</b>					
<b>At 31 December 2014</b>	<b>5,360</b>	<b>115,478</b>	<b>95,810</b>	<b>939</b>	<b>217,587</b>

### 20. Impairment of non-current assets

The following impairment testing has been performed by the Group at 31 December 2014:

#### Australia & New Zealand CGUs

##### New Zealand

Following the loss of a major contract in the New Zealand Cash Generating Unit (CGU) in the twelve months ended 31 December 2014, the Group assessed the recoverable amount of the CGU based on its value in use. As a result, an impairment loss of \$4,575,000 (twelve months ended 31 December 2013: nil) has been recognised. Of the total impairment loss, \$2,638,000 related to goodwill, reducing the goodwill included in the New Zealand CGU to nil. The remaining impairment loss of \$1,937,000 was allocated to Intangibles assets. The key reason for the New Zealand impairment was the loss of a key concession which will adversely impact on future cash flows.

##### Australia

The carrying value of assets allocated to the Australia CGU is supported by their recoverable amount. The carrying amount of goodwill allocated to the Australian CGU at 31 December 2014 is \$115,478,000 (2013:\$115,478,000).

The recoverable amount of the Group's CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2014 was determined similarly to the 31 December 2013 impairment test and was based on the following key assumptions:

- Annual EBITDA growth: Latest management forecast for next twelve months, plus 3% EBITDA growth in subsequent years.
- Terminal growth rate: 3.0%
- Discount rate post tax: 8.9% (2013: 10.5%)

The values assigned to the key assumptions represent management's assessment of future trends in the media industry and are based on historical data from both external and internal sources. The estimated recoverable amounts are highly sensitive to key assumptions.

#### Specific Asset Impairment Testing

Indicators of impairment were also noted in relation to specific assets within the Group's property, plant and equipment asset base. These impairment indicators arose as a result of the loss of key concessions and other factors which resulted in the carrying value of these assets exceeding their recoverable amount. The recoverable amount of these specific assets was calculated based on fair value less costs to sell. An impairment of \$6,393,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

### 21. Other assets

	31-Dec-14 \$'000	31-Dec-13 \$'000
Advance payments	487	236
Prepayments	2,697	2,799
Other assets	8,256	2,367
	<b>11,440</b>	<b>5,402</b>

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 22. Derivative financial instruments

	31-Dec-14 \$'000	31-Dec-13 \$'000
Derivative liability interest rate swaps	94	1,705
	<b>94</b>	<b>1,705</b>

### 23. Capital and reserves

#### (a) Share Capital

##### Issued and paid up share capital

	2014 Shares Number	2013 Shares Number	31-Dec-14 \$'000	31-Dec-13 \$'000
Issued and paid up share capital	149,882,534	637,179,776	283,585	142,072

	Number of Shares
Escrow Fully Paid Ordinary Shares	62,214,763
Fully Paid Ordinary Shares	87,667,771
<b>Number of shares as at 31 December 2014</b>	<b>149,882,534</b>

##### Movements in issued share capital

	Number of Shares	31-Dec-13 \$'000
<b>2013</b>		
In issue at 1 January 2013	637,941,395	142,612
Issued for cash	7,038,379	1,100
Buy-back of shares	(7,799,998)	(1,640)
<b>In issue at 31 December 2013</b>	<b>637,179,776</b>	<b>142,072</b>

	Number of Shares	31-Dec-14 \$'000
<b>2014</b>		
In issue at 1 January 2014	637,179,776	142,072
Issued for cash	1,905,922	585
Buy-back of shares	(1,051,612)	(1,108)
Share consolidation (1/10 dilution pre IPO for continuing shareholders) (ii)	(574,230,697)	-
Capital reorganisation	-	(18,408)
New shares issued for cash under IPO	86,079,145	167,115
Net cost to cancel existing Legacy Management Equity Plan	-	(1,044)
Transaction costs arising from issue of shares	-	(8,039)
Deferred tax asset in relation to transaction costs	-	2,412
<b>In issue at 31 December 2014</b>	<b>149,882,534</b>	<b>283,585</b>

The share capital balance as at 31 December 2014 comprise 149,882,534 ordinary shares (2013: 637,179,776 at \$2.22) with an issue price of \$1.93 fully paid, issued and outstanding.

#### (i) Ordinary shares

oOh!media does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of oOh!media.

#### (ii) Share consolidation

On 18 December 2014, a resolution was passed to approve the conversion of 10 ordinary shares owned in the immediately preceding parent entity into one ordinary share in the new parent entity of the Group, resulting in a decrease in the number of ordinary shares to 63,803,409 at the time.

#### (iii) Initial Public Offering

On 17 December 2014, oOh!media completed an IPO raising \$166.1 million net of buy-back of shares in funds by issuing 86.1 million shares at an issue price of \$1.93 per share. Funds received were offset by \$8.0 million in transaction costs (net of tax \$2.4 million) incurred in relation to the issue of new shares in the Company.

On completion of the IPO, 63.8 million shares were held by the current owners and are subject to voluntary escrow agreements. 86.1 million shares were issued under IPO. The total number of shares on issue at the completion of the IPO was 149.9 million. All shares rank equally with each other.

In conjunction with the IPO, the Company incurred a net cost of \$1.0 million to cancel the Legacy Management Equity Plan.

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### (b) Reserves and Accumulated Losses

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>(i) Reserves</b>		
Foreign currency translation reserve	-	115
Other equity reserve	18,408	-
Cash flow hedge reserve	(93)	-
Share-based payments reserve	6,251	1,082
<b>Total reserves</b>	<b>24,566</b>	<b>1,197</b>
<b>Foreign currency translation reserve</b>		
Balance at beginning of the year	115	197
Currency translation differences arising during the year	(115)	(82)
<b>Balance at end of the year</b>	<b>-</b>	<b>115</b>
<b>Other equity reserve</b>		
Balance at beginning of the year	-	-
Valuation of share capital prior to acquisition	141,549	-
Shares issued to pre-acquisition shareholders as consideration	(123,141)	-
<b>Balance at end of the year</b>	<b>18,408</b>	<b>-</b>
<b>Cash flow hedge reserve</b>		
Balance at beginning of the year	-	-
Effective portion of changes in fair value	(93)	-
<b>Balance at end of the year</b>	<b>(93)</b>	<b>-</b>
<b>Share-based payments reserve</b>		
Balance at beginning of the year	1,082	462
Employee share plan expense	5,169	620
<b>Balance at end of the year</b>	<b>6,251</b>	<b>1,082</b>
<b>Total reserve balance at end of the year</b>	<b>24,566</b>	<b>1,197</b>
<b>(ii) Accumulated losses</b>		
Balance at beginning of the year	(41,617)	(23,464)
Loss attributable to owners of the parent entity	(24,787)	(18,153)
<b>Balance at end of the year</b>	<b>(66,404)</b>	<b>(41,617)</b>

### (c) Nature and Purpose of Reserves

#### (i) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (see Note 3(m)).

#### (ii) Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see Note 3(t)).

#### (iii) Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, as part of their remuneration and the expense relating to cancelled shares under the legacy share based payments plan.

The current balance relates to unexercised rights issued to senior executives. A portion of this reserve will be reversed against contributed equity if the underlying rights are exercised and result in shares being issued.

#### (iii) Other equity reserve

The acquisition of Outdoor Media Investments Limited (OMI) and its subsidiaries by oOh!media completed on 18 December 2014. The Directors elected to account for the restructure as a capital reorganisation rather than a business combination (see Note 6). The other equity reserve reflects the share price movements for former OMI owners who remained as oOh!media owners.

### (d) Non-controlling Interests

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Balance at beginning of the year	(114)	144
Share of operating profit/(loss) for the period after income tax	2	(758)
Capital contribution by minority shareholder	-	500
<b>Balance at end of the year</b>	<b>(112)</b>	<b>(114)</b>

### (e) Equity - Dividends

#### Dividends

No dividends were paid to members or determined by oOh!media in respect to the year ended 31 December 2014.

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Franking credits available for subsequent financial years based on a tax rate of 30%</b>	<b>16,384</b>	<b>16,230</b>



# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 24. Loans and borrowings

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Current</b>		
Bank loan	-	11,799
Unamortised borrowing costs	-	(1,647)
Finance lease liabilities	216	150
<b>Total current borrowings</b>	<b>216</b>	<b>10,302</b>
<b>Non-current</b>		
Bank loan	82,000	137,977
Unamortised borrowing costs	(414)	(3,613)
Finance lease liabilities	77	292
Borrowings from related party	-	63,628
<b>Total non-current borrowings</b>	<b>81,663</b>	<b>198,284</b>

The banking syndicate has security over the assets of oOh!media and its subsidiaries.

### 25. Trade and other payables

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Trade payables	2,846	1,999
Accrued expenses	21,662	18,747
Payables to related parties	-	3,949
Income in advance	1,974	3,932
Other payables	26	122
	<b>26,508</b>	<b>28,749</b>

### 26. Provisions

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Current</b>		
Onerous contract	2,368	1,657
Make good	5,099	3,702
Employee benefits	1,318	1,311
	<b>8,785</b>	<b>6,670</b>
<b>Non Current</b>		
Onerous contract	2,553	3,885
Make good	7,431	7,770
Straight lining of site rents	2,825	2,455
Employee benefits	1,868	1,318
	<b>14,677</b>	<b>15,428</b>

	2014			
	Onerous contract	Make good	Straight-lining of site rents	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	5,542	11,472	2,455	19,469
Charged/(credited) to profit or loss:				
Provisions made during the year	1,029	1,073	205	2,307
Provisions used during the year	(1,676)	(47)	158	(1,565)
Effects of movements in exchange rates	26	32	7	65
<b>Balance at 31 December 2014</b>	<b>4,921</b>	<b>12,530</b>	<b>2,825</b>	<b>20,276</b>

# NOTES TO THE FINANCIAL STATEMENTS

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### 27. Financial instruments – Fair values and risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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 interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by Senior Management under policies approved by the Board of Directors. Senior Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

#### Accounting Classifications and Fair Values

##### Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

Consolidated	31 December 2014			
	Loans and receivables	Designated at fair value	Total carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	20,197	-	20,197	20,197
Trade and other receivables	52,237	-	52,237	52,237
	<b>72,434</b>	<b>-</b>	<b>72,434</b>	<b>72,434</b>
Bank loan	82,000	-	82,000	82,000
Deferred consideration	2,323	-	2,323	2,323
Interest rate swaps	-	94	94	94
Finance lease liabilities	293	-	293	293
Trade and other payables	26,508	-	26,508	26,508
	<b>111,124</b>	<b>94</b>	<b>111,218</b>	<b>111,218</b>

Consolidated	31 December 2013			
	Loans and receivables	Designated at fair value	Total carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	15,503	-	15,503	15,503
Trade and other receivables	48,176	-	48,176	48,176
	<b>63,679</b>	<b>-</b>	<b>63,679</b>	<b>63,679</b>
Bank loan	149,776	-	149,776	149,776
Borrowings from related party	63,628	-	63,628	63,628
Deferred consideration	13,320	-	13,320	13,320
Interest rate swaps	-	1,705	1,705	1,705
Finance lease liabilities	442	-	442	442
Trade and other payables	28,749	-	28,749	28,749
	<b>255,915</b>	<b>1,705</b>	<b>257,620</b>	<b>257,620</b>

#### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread, and were as follows.

	31-Dec-14	31-Dec-13
Interest rate swaps	2.4%-7.1%	5.9%-7.2%
Bank loan	4.1%-6.8%	6.4%-7.1%
Borrowings from related party	12.0%	12.0%
Leases	8.2%-13.2%	8.2%-13.2%
Deferred consideration	7.3%	7.3%

#### Fair values hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated	31 December 2014			31 December 2013		
	Carrying value	Level 1	Level 2	Carrying value	Level 1	Level 2
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest rate swaps	94	-	94	1,705	-	1,705
	<b>94</b>	<b>-</b>	<b>94</b>	<b>1,705</b>	<b>-</b>	<b>1,705</b>

#### Valuation techniques

Type	Valuation technique and inputs
Interest rate swaps	The fair value of interest rate swaps is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows.

#### Credit Risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

#### Management of credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to agency and direct clients, including outstanding receivables and committed transactions. For banks only lenders in the syndicated senior term debt facility are used.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history based on enquires through the Group's credit department. Ongoing customer credit performance is monitored on a regular basis.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances under the Group's banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS

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### Cash and cash equivalents

The Group held cash and cash equivalents of \$20.2 million at 31 December 2014 (31 December 2013: \$15.5 million). The cash and cash equivalents are held with credit worthy counterparties that are large banks and members of the Group's syndicated debt facility.

Interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are large banks and members of the Group's syndicated debt facility. The credit risk on swap contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity.

### Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Financial Assets</b>		
Cash and cash equivalents	20,197	15,503
Trade and other receivables	52,237	48,176
	<b>72,434</b>	<b>63,679</b>

### Impairment losses

The aging of trade receivables at the end of the reporting date that were not impaired was as follows:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Neither past due or not impaired	46,225	42,013
Past due 0-30 days	2,870	2,611
Past due 31-90 days	1,731	2,043
Past due 91-120 days	304	363
Past due 121 days to 1 year	763	1,218
	<b>51,893</b>	<b>48,248</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Balance at 1 January	72	85
Impairment loss recognised	265	190
Amounts written-off	(158)	(203)
<b>Balance at 31 December</b>	<b>179</b>	<b>72</b>

Other than those receivables specifically considered in the above allowance for impairment oOh!media does not believe there is a material credit quality issue with the remaining trade receivables balance.

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

### Management of Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting date:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Revolving facility including bank guarantees	54,329	8,161
Capital expenditure/Acquisition facility	-	37,942
	<b>54,329</b>	<b>46,103</b>

### Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities, net and gross settled derivative financial instruments in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date.

	Carrying Amount	Contractual cash flows	12 months or less	Between 1 and 5 years
	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2014</b>				
<b>Non-derivatives</b>				
Bank debt	82,000	(93,165)	(3,722)	(89,444)
Lease liabilities	293	(324)	(239)	(85)
Related party borrowings	-	-	-	-
Trade payables	28,749	(28,749)	(28,749)	-
Deferred acquisition consideration	2,323	(2,323)	(2,323)	-
<b>Total non-derivatives</b>	<b>113,365</b>	<b>(124,561)</b>	<b>(35,033)</b>	<b>(89,529)</b>
<b>Derivatives</b>				
<b>Interest rate swaps used for hedging</b>	<b>94</b>	<b>(94)</b>	<b>-</b>	<b>(94)</b>

### At 31 December 2013

<b>Non-derivatives</b>				
Bank debt	149,776	(182,899)	(22,141)	(160,758)
Lease liabilities	442	(537)	(213)	(324)
Related party borrowings	63,628	(125,154)	(764)	(124,390)
Trade payables	28,749	(28,749)	(28,749)	-
Deferred acquisition consideration	13,320	(15,000)	-	(15,000)
<b>Total non-derivatives</b>	<b>255,915</b>	<b>(352,339)</b>	<b>(51,867)</b>	<b>(300,472)</b>
<b>Derivatives</b>				
<b>Interest rate swaps used for hedging</b>	<b>1,705</b>	<b>(1,705)</b>	<b>-</b>	<b>1,705</b>

### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



# NOTES TO THE FINANCIAL STATEMENTS

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### Currency Risk

#### Management of currency risk

The Group operates internationally and is exposed to foreign exchange transaction risks arising from currency exposures, primarily with respect to the New Zealand dollar. Foreign exchange transaction risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using cash flow forecasting. The Group has an accounting exposure to movements in the AUD/NZD exchange rate in consolidating the NZD net assets of oOh!media New Zealand Holdings Limited and its subsidiaries at each balance date. The current Australian accounting standards require that any such movements be booked to the Group's Foreign Currency Translation Reserve (FCTR).

No hedging of this exposure is undertaken for the following reasons:

- The exchange rate movements do not impact the Group's profit and loss;
- The movements in the FCTR are limited as the level of NZD assets is largely offset by the NZD liabilities (i.e. there is a natural hedge); and
- The NZ operations are core to the Group's business and it is not expected to be disposed of and any balance in the FCTR is not expected to be realised within the foreseeable future.

#### Interest rate risk

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

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 50% for period of at least 12 months or as otherwise determined by the Board.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, monthly or quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Fixed rate instruments</b>		
Financial liabilities	293	64,070
<b>Variable rate instruments</b>		
Financial assets	20,197	15,503
Financial liabilities	(82,000)	(149,776)

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or Loss		Equity	
	100 Basis Point Increase	100 Basis Point Decrease	100 Basis Point Increase	100 Basis Point Decrease
<b>2014</b>				
Variable rate instruments	(820)	820	-	-
Interest rate swaps	-	-	(410)	410
Cash flow sensitivity (net)	(820)	820	(410)	410
<b>2013</b>				
Variable rate instruments	(1,498)	1,498	-	-
Interest rate swaps	995	(995)	-	-
Cash flow sensitivity (net)	(502)	502	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 28. List of subsidiaries and equity accounted investees

#### (a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3(a):

Name of Entity	Country of incorporation	Consolidated Entity	
		2014 %	2013 %
Outdoor Media Investments Limited	Cayman Islands	100%	100%
Outdoor Media Holdings Pty Limited	Australia	100%	100%
Outdoor Media Operations Pty Limited	Australia	100%	100%
Outdoor Media Exchangeable Finco Pty Limited	Australia	100%	100%
oOh!media Group Pty Limited	Australia	100%	100%
oOh!media Operations Pty Limited	Australia	100%	100%
oOh!media Produce Pty Limited	Australia	100%	100%
oOh!media Assets Pty Limited	Australia	100%	100%
oOh!media Factor Pty Limited	Australia	100%	100%
oOh!media Digital Pty Limited	Australia	100%	100%
oOh!media Place Based Pty Limited	Australia	100%	100%
oOh!media Retail Pty Limited	Australia	100%	100%
oOh!media Lifestyle Pty Limited	Australia	100%	100%
oOh!media Shop Pty Limited	Australia	100%	100%
oOh!media Roadside Pty Limited	Australia	100%	100%
oOh!media MEP Pty Limited	Australia	100%	100%
oOh!media Regional Pty Ltd	Australia	100%	100%
Red Outdoor Pty Ltd	Australia	100%	100%
Closebuys Pty Limited	Australia	82.75%	82.75%
oOh!media Café Screen Pty Limited	Australia	70%	70%
oOh!media Social Sports Pty Limited	Australia	70%	70%
Social Sports Media Pty Ltd	Australia	70%	70%
In 2 Indoor Pty Ltd	Australia	70%	70%
World Indoor Soccer Federation Pty Ltd	Australia	70%	70%
Eye Corp Pty Limited	Australia	100%	100%
Eye Corp Australia Pty Limited	Australia	100%	100%
oOh!media Fly Pty Limited	Australia	100%	100%
Eye Drive Sydney Pty Limited	Australia	100%	100%
Eye Outdoor Pty Limited	Australia	100%	100%
Eye Mall Media Pty Limited	Australia	100%	100%
Eye Drive Melbourne Pty Limited	Australia	100%	100%
oOh!media Study Pty Limited	Australia	100%	100%
Outdoor Plus Pty Limited	Australia	100%	100%
Olympic Murals 2000 Pty Limited	Australia	-	100%
Eye Shop Pty Limited	Australia	100%	100%
Eye Corp Holdings Pty Limited	Australia	-	100%
Eye Corp Media Pty Limited	Australia	-	100%
Homemaker Media Pty Limited	Australia	100%	-
oOh!media New Zealand Holdings Limited	New Zealand	100%	100%
oOh!media New Zealand Limited	New Zealand	100%	100%
oOh!media Retail New Zealand Limited	New Zealand	100%	100%
oOh!media Study New Zealand Limited	New Zealand	100%	100%

As of 17th December 2014, the ultimate parent entity of the Group became oOh!media Limited, which is domiciled and incorporated in Australia.

Prior to 17 December 2014, the ultimate controlling party of the Group was Outdoor Media Investments Limited (OMI) domiciled in the Cayman Islands. The CHAMP III Funds comprised of Perpetual Trustee Company Limited as trustee of the CHAMP Buyout III Trust, Perpetual Corporate Trust Limited as trustee of the CHAMP Buyout III (SWF) Trust, PT Limited as trustee for the CHAMP Buyout III (WW) Trust and CHAMP Buyout III Pte Ltd who collectively owned 75.7% of OMI. WPP owned 20.3% of OMI.

Liquidators had been appointed for Eye Corp Media Pty Limited, Eye Corp Holdings Pty Limited and Olympic Murals 2000 Pty Limited. The liquidators have finalised liquidations in 2014.

#### (b) Equity Accounted Investees

During 2014 oOh!media Factor Pty Limited (a wholly-owned subsidiary of oOh!media) entered into a joint venture agreement with Driving Edge Marketing Pty Limited to establish a joint venture for the purposes of engaging in activities similar to that of the Group (provision of out of home advertising solutions). This resulted in the incorporation of a new legal entity (oOh!Edge Pty Limited) of which both joint venture partners hold a 50% interest. The carrying value of the Group's investment in this joint venture at 31 December 2014 was \$304,000 which represents the Group's share of profit for the period since inception of the joint arrangement. The Group made no initial monetary investment in the joint venture.

### 29. Acquisition of subsidiary

The Group acquired 100% of the share capital in Homemaker Media Pty Limited (Homemaker Media) in September 2014 for consideration of \$4,352,000 including \$2,323,000 which has been deferred and is contingent on the achievement of certain conditions in the share sale agreement.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

#### Homemaker Media Pty Limited

	2014 \$'000
<b>Purchase Consideration</b>	<b>\$'000</b>
Cash	2,029
Deferred consideration	2,323
	<b>4,352</b>

The fair values of the identifiable assets and liabilities acquired by the Company are as follows:

	\$'000
Cash and bank balances	12
Trade and other receivables	408
Property, plant and equipment	219
Intangible asset - Licenses	3,956
Accounts payable	(243)
<b>Net identifiable assets acquired</b>	<b>4,352</b>

Revenue recognised in the Statement of Profit or Loss in the December 2014 year, for the 3 month period since acquisition of Homemaker Media at 30 September 2014 is \$668,000. Homemaker Media revenues for the 12 month period to December 2014 (including the nine month period prior to acquisition) amounted to \$1,844,000.

#### Deferred consideration-Eye Corp Pty Limited

During the year, the Group paid an amount of \$15 million to the previous owners of Eye Corp Pty Limited (and its subsidiaries) in full and final settlement of the amount owing in respect of the Group's acquisition of these entities which completed in 2012.

As at 31 December 2013 the discounted value of the deferred consideration in relation to the \$15 million payment was \$13,320,000.

# NOTES TO THE FINANCIAL STATEMENTS

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### 30. Operating leases

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Commitments in relation to operating leases contracted for at the reporting date are payable as follows:		
Within one year	61,779	73,534
Later than one year but not later than five years	128,383	156,417
Later than five years	22,999	31,270
	<b>213,161</b>	<b>261,221</b>

#### Amounts recognised in profit and loss

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Lease expense	85,671	83,293
Contingent lease expense	20,791	16,859
Sublease income	(13)	(13)
	<b>106,449</b>	<b>100,139</b>

### 31. Capital commitments

During 2014, the Group entered into contracts to purchase plant and equipment in 2015 for \$3,024,000 (2014: nil).

### 32. Contingencies

Details and estimates of other maximum amounts of contingent liabilities are as follows:

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Bank guarantees</b>	<b>9,728</b>	<b>9,339</b>

### 33. Related parties

#### (a) Parent entity and ultimate controlling party

The parent entity within the group is oOh!media Limited as at 31 December 2014. The CHAMP III Funds collectively own 32.2% of oOh!media Limited. WPP owns 8.6% of oOh!media Limited. Prior to the IPO on 17 December 2014 the CHAMP III Funds collectively owned 75.7% and WPP 20.3%.

#### (b) Subsidiaries

Interest in subsidiaries are set out in Note 28.

#### (c) Transactions with the shareholder related parties

	Transaction value for the 12 months ended		Balance outstanding	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	\$'000	\$'000	\$'000	\$'000
<b>Sale of media and services</b>				
WPP				
Revenue (i)	42,328	50,093	-	-
Receivables (i)	-	-	7,639	10,098
<b>Expenses</b>				
<i>CHAMP III Funds</i>				
Interest expense (ii)	6,184	5,891	-	-
Management fees	792	-	-	-
Loans payable to related parties (ii)	-	-	-	50,902
Interest payable to related parties (ii)	-	-	-	3,071
<i>WPP</i>				
Interest expense (ii)	1,565	1,491	-	-
Management fees	208	-	-	-
Loans payable to related parties (ii)	-	-	-	12,726
Interest payable to related parties (ii)	-	-	-	778

i. All sales with related parties are on an arm's length basis and are subject to commercial trading terms and conditions. Outstanding balances with these related parties are to be settled in cash within two months of the end of the reporting period. None of the balances are secured.

ii. All loans with related parties are subject to interest charges. On 18 December 2014 Loans Payable to related parties were paid out in full.

#### (d) Transactions with Key Management Personnel

##### i. Key Management Personnel compensation

	31-Dec-14	31-Dec-13
	\$'000	\$'000
The Key Management Personnel compensation comprised:		
Short-term employee benefits	1,561	1,032
Post-employment benefits	100	52
Share-based payments	3,236	441
	<b>4,897</b>	<b>1,525</b>

##### ii. Directors related party transactions

There are no other related party transactions with the Directors or Key Management Personnel.



# NOTES TO THE FINANCIAL STATEMENTS

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### 34. Subsequent events

The Group agreed to acquire certain assets from Independent Outdoor Media Pty Limited on 2 October 2014 for consideration of \$6,000,000 with \$550,000 deferred based on conditions precedent in the agreement being met. This transaction was completed on 1 January 2015.

Other than the matter mentioned above, no other matter or circumstance at the date of this report has arisen since 31 December 2014 that has significantly affected or may affect:

- (a) The operations of the Group;
- (b) The results of those operations in future financial years; or
- (c) The Group's state of affairs in the future financial years.

### 35. Earnings per share

The table below shows the calculation of basic and diluted earnings per share for 2014 and 2013.

	31-Dec-14	31-Dec-13
	\$'000	\$'000
Profit attributable to ordinary shareholders	(24,787)	(18,153)
<b>Net loss after income tax attributable to equity holders of the parent</b>	<b>(24,787)</b>	<b>(18,153)</b>
	<b>Number of Shares</b>	
Opening Issued ordinary shares balance	63,207,681	63,383,029
Effect of allotment and issuances	3,653,236	2,727
Effect of options on issue	-	-
<b>Weighted average number of ordinary shares-basic</b>	<b>66,860,917</b>	<b>63,385,756</b>
<b>Weighted average number of shares outstanding - diluted</b>		
Weighted average number of ordinary shares-basic	66,860,917	63,385,756
Effect of share options on issue	-	-
<b>Weighted average number of ordinary shares-diluted</b>	<b>66,860,917</b>	<b>63,385,756</b>

As a result of the net loss for the periods ended 31 December 2014 and 2013, the potential effect of the exercise of stock-options was anti-dilutive. Therefore, all the options outstanding were excluded from the computation of weighted average number of dilutive comments shares outstanding as their inclusion would be anti-dilutive.

	31-Dec-14	31-Dec-13
<b>Loss per share</b>		
Basic (loss) per share (cents)	(0.37)	(0.29)
Diluted (loss) per share (cents)	(0.37)	(0.29)

### 36. Reconciliation of cash flows from operating activities

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Loss after income tax for the year	(24,785)	(18,911)
Adjustments for:		
Depreciation	13,492	14,268
Amortisation	8,941	9,521
Straight-lining of site rents	363	1,407
Impairment losses on intangible assets and goodwill	4,725	-
Impairment loss on property, plant and equipment	6,393	-
IPO related expenses	1,221	-
Mark to market loss / (gain) on interest rate swaps	108	(1,079)
Non-cash interest	14,250	10,508
Share of profit of equity-accounted investees, net of tax	304	-
Net loss on sale of non-current assets	886	1,234
Net loss on sale of subsidiary	-	511
Net exchange differences	-	(46)
Equity-settled share-based payment transactions	4,125	620
	<b>30,023</b>	<b>18,033</b>
(Increase)/decrease in trade debtors	(3,539)	587
(Increase)/decrease in deferred tax balances	(2,343)	(870)
(Increase)/decrease in other operating assets	389	(2,166)
(Decrease)/increase in trade creditors	2,659	(4,222)
(Decrease)/increase in current tax balances	288	949
(Decrease)/increase in other provisions	2115	1,376
(Decrease)/increase in other operating liabilities	(1,958)	-
<b>Net cash from operating activities</b>	<b>27,634</b>	<b>13,687</b>

### 37. Auditors' remuneration

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Audit and Assurance Services</b>		
<i>KPMG Australia</i>		
Audit and review of financial statements	334	198
Other regulatory audit services	-	27
	<b>334</b>	<b>225</b>
<b>Other services</b>		
<i>KPMG Australia</i>		
IPO related transaction services	1,544	-
Taxation compliance and advisory services	62	91
Other services	23	7
	<b>1,629</b>	<b>98</b>

# NOTES TO THE FINANCIAL STATEMENTS

## CONTINUED

### 38. Parent entity disclosures

As at the financial year ended 31 December 2014 the parent entity of the Group was oOh!media Limited. Prior to 17 December 2014 the parent entity of the Group was Outdoor Media Investments Limited. Comparative information presented represents Outdoor Media Investments Limited.

#### (a) Financial Position

	31-Dec-14	31-Dec-13
	\$'000	\$'000
<b>Financial position of parent entity at year end</b>		
Current assets	75,993	2,702
Non-current assets	307,620	142,072
<b>Total assets</b>	<b>383,613</b>	<b>144,774</b>
Current liabilities	-	1,620
Non-current liabilities	81,679	-
<b>Total liabilities</b>	<b>81,679</b>	<b>1,620</b>
<b>Net assets</b>	<b>301,934</b>	<b>143,154</b>
<b>Total equity of parent entity comprising of:</b>		
Contributed equity	283,585	142,072
Reserves	18,349	1,082
Retained earnings	-	-
<b>Total equity</b>	<b>301,934</b>	<b>143,154</b>
<b>(b) Comprehensive Income</b>		
<b>Result of parent entity</b>		
Profit for the year	-	-
Other comprehensive loss	(94)	-
<b>Total comprehensive income for the year</b>	<b>(94)</b>	<b>-</b>

#### (c) Parent Entity Capital Commitments for Acquisition of Property, Plant and Equipment

oOh!media did not have any capital commitments for the acquisition of property, plant or equipment as at 31 December 2014.

# DIRECTORS' DECLARATION

1. In the opinion of the directors of oOh!media:

(a) The consolidated financial statements and notes that are set out on pages 69 to 114 and the Remuneration Report in the Directors' Report set out on pages 36 to 49, are in accordance with the *Corporations Act 2001* (Cth), including:

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

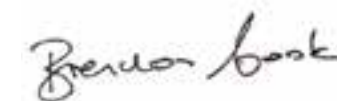
(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth); and

(b) There are reasonable grounds to believe that oOh!media will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Regulations 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2014.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



**Brendon Cook**  
Director

Sydney

20 March 2015

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF oOh!media Limited



## Independent auditor's report to the members of oOh!media Limited

### Report on the financial report

We have audited the accompanying financial report of oOh!media Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, and 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, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 entity's preparation of the financial report that gives a true and fair view 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Liability limited by a scheme approved under Professional Standards Legislation.



### Independence

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

### Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

### Report on the remuneration report

We have audited the remuneration report included on pages 36 to 49 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

### Auditor's opinion

In our opinion, the remuneration report of oOh!media Limited for the year ended 31 December 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

John Wigglesworth  
Partner

Sydney

20 March 2015



# SHAREHOLDER INFORMATION

## Voting Rights

The voting rights attaching to each class of equity securities 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. The shareholder information set out below is applicable as at 13 March 2015.

## Distribution of Equity Securities

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

Range	Number of Holders	% of Holders	Number of Shares	% of Shares
1 - 1,000	99	21.71	49,610	0.03
1,001 - 5,000	214	46.93	388,484	0.26
5,001 - 10,000	39	8.55	291,955	0.19
10,001 - 100,000	68	14.91	2,189,933	1.46
100,001 and over	36	7.89	146,962,552	98.05
<b>Total Number of security holders</b>	<b>456</b>	<b>100.00</b>	<b>149,882,534</b>	<b>100.00</b>
Holders holding less than a marketable parcel of shares	10		1,170	

## Total of Quoted and Restricted Securities

	Number of Shares
Ordinary shares not subject to voluntary escrow (quoted securities)	87,667,771
Ordinary shares subject to voluntary escrow (restricted securities)	62,214,763
<b>Total number of shares</b>	<b>149,882,534</b>

## Restricted Securities

	Number of shares
Ordinary shares subject to voluntary escrow	62,214,763
Comprising:	
Ordinary shares held by CHAMP Funds subject to voluntary escrow	48,268,847
Ordinary shares held by Cavendish Square Holdings BV subject to voluntary escrow	12,939,385
Other ordinary shares subject to voluntary escrow	1,006,531

These shares are escrowed until the date on which the Company's audited full year results for the period ending 31 December 2015 are released to the ASX.

In addition, CHAMP Funds and Cavendish Square Holdings BV will be released early from these escrow obligations to the extent required in order to dispose of up to 25% of the escrowed Shares after both of the following conditions have been satisfied:

- The half year results of oOh!media for the period ended 30 June 2015 have been released to ASX (Relevant Date); and
- oOh!media VWAP for any period of 20 consecutive trading days occurring after the Relevant Date is at least 20% higher than the Offer Price.

## Twenty largest quoted equity security holders

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

Name	Ordinary Shares	
	Number Held	Percentage of Quoted Shares %
National Nominees Limited	16,888,879	11.27
Champ Buyout III Pte Limited	16,796,279	11.21
J P Morgan Nominees Australia Limited	16,706,851	11.15
HSBC Custody Nominees (Australia) Limited	15,016,231	10.02
P.T. Limited Champ Buyout III (WW)	14,525,781	9.69
Cavendish Square Holding BV	12,939,385	8.63
Perpetual Trustee Company Limited Champ Buyout III	11,997,509	8.00
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	8,862,084	5.91
Citicorp Nominees Pty Limited	7,806,333	5.21
Perpetual Corporate Trust Limited Champ Buyout III (SWF)	4,949,278	3.30
UBS Nominees Pty Ltd	3,445,121	2.30
BNP Paribas Noms Pty Ltd <DRP>	3,324,074	2.22
Bond Street Custodians Limited (Macq High Conv Fund) & Bond Street Custodians Limited <Macq High Conv Fund>	2,049,243	1.37
Smallco Investment Manager Ltd <The Cut A/C>	1,606,757	1.07
RBC Investor Services Australia Nominees Pty Limited <GSAM A/C>	1,353,363	0.90
Bond Street Custodians Limited <Macq Capital Events Fund>	1,295,335	0.86
HSBC Custody Nominees (Australia) Limited - A/C 3	1,237,124	0.83
Bond Street Custodians Ltd <Macquarie Smaller Co's A/C>	1,036,270	0.69
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	888,534	0.59
Debra Cook	500,000	0.33
<b>Total held by top 20 largest holders</b>	<b>143,224,431</b>	<b>95.56</b>
Other	6,658,103	4.44
<b>Total</b>	<b>149,882,534</b>	<b>100.00</b>

## Substantial holders

Substantial holders in oOh!media are set out below:

Ordinary shares	Number Held	Percentage %
CHAMP Group <sup>1</sup>	48,268,847	32.20%
<i>Champ Buyout III Pte Limited</i>	<i>16,796,279</i>	<i>11.21%</i>
<i>P.T. Limited Champ Buyout III (WW)</i>	<i>14,525,781</i>	<i>9.69%</i>
<i>Perpetual Trustee Company Limited Champ Buyout III</i>	<i>11,997,509</i>	<i>8.00%</i>
<i>Perpetual Corporate Trust Limited Champ Buyout III (SWF)</i>	<i>4,949,278</i>	<i>3.30%</i>
Cavendish Square Holdings BV	12,939,385	8.60%
JCP Investment Partners Ltd	13,471,502	8.99%
Perpetual Limited and subsidiaries	11,060,563	7.38%
Goldman Sachs Group Inc.	10,614,081	7.08%
Future Fund Board of Guardians	9,685,683	6.46%
Milford Asset Management	7,781,322	5.19%

1. CHAMP Group means CHAMP Group Holdings Pty Limited and those other entities listed as the 'CHAMP Group' as set out Annexure A of the substantial holder notice lodged on 19 December 2014. CHAMP Group has a relevant interest in the shares in which each of the CHAMP III Funds (also set out Annexure A of the substantial holder notice) has an interest, pursuant to section 608 of the *Corporations Act 2001* (Cth).

# GLOSSARY

Term	Meaning
Active Faces	The number of advertising display panels or spots that are able to be actively sold by oOh!media at any particular time.
Adjusted EBITDA	EBITDA adjusted for non operating items including Impairment and IPO costs.
Adjusted NPAT	Net Profit After Tax before acquired amortisation (after tax) and non-cash items such as impairments.
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
AUD, A\$, \$ or Australian dollar	The lawful currency of the Commonwealth of Australia
Auditor	KPMG
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.
Board or Board of Directors	The board of directors of oOh!media.
CAGR	Compound annual growth rate.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHAMP Funds	CHAMP Buyout III Pte Limited and certain funds managed by CHAMP III Management Pty Limited, being P.T. Limited as trustee of the CHAMP Buyout III (WW) Trust, Perpetual Trustee Company Limited as trustee of the CHAMP Buyout III Trust; and Perpetual Corporate Trust Limited as trustee of the CHAMP Buyout III (SWF) Trust.
Company	oOh!media Limited ACN 602 195 380
Company Secretary	The company secretary of oOh!media from time-to-time.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth)
CY2013	Financial year ended 31 December 2013
CY2014	Financial year ended 31 December 2014
CY2015	Financial year ended 31 December 2015
Digital revenue	Revenue from digital advertising display panels.
Director	Each of the directors of oOh!media from time-to-time.
EBIT	Earnings before interest and taxation
EBITA	Earnings before interest, taxation and amortisation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
Escrow	An 'escrow' is a restriction on sale, disposal, or encumbering of, or certain other dealings in respect of, the shares concerned for the period of the escrow, subject to exceptions set out in the escrow arrangement.
EYE Corp	Eye Corp Pty Limited ACN 064 564 496
FAR	Fixed annual remuneration.
FCTR	Foreign Currency Translation Reserve.
FMCG	Fast moving consumer goods.
FTA TV	Free-to-air television.

Term	Meaning
Group	oOh!media and its subsidiaries.
GST	Goods and services or similar tax imposed in Australia and New Zealand.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
IPO	Initial Public Offering.
KMP	Key Management Personnel
KPMG	KPMG ABN 51 194 660 183
Legacy Management Equity Plan	The OMI management equity plan as described in the Management Equity Plan Rules adopted 28 September 2012.
Legacy MEP	The Legacy Management Equity Plan
Leverage	Net Debt divided by Pro Forma EBITDA
Listing	The admission of oOh!media to the Official List of the ASX
Listing Rules	The Official Listing rules of ASX
LTI	Long term incentive as payable under the LTI Plan
LTI Plan	oOh!media's long term incentive plan, as amended by oOh!media from time-to-time.
MOVE	Measurement of Outdoor Visibility and Exposure, Australia's first national Out Of Home audience measurement system.
n/a	Not applicable
NPAT	Net profit after tax
OMA	Outdoor Media Association, the peak national industry body that represents most of Australia's traditional and digital outdoor media display companies and production facilities, as well as some media display asset owners.
OMI	Outdoor Media Investments Limited ABN 32 156 446 187
OML	oOh!media Limited ACN 602 195 380
oOh!media	oOh!media Limited ACN 602 195 380
Out Of Home	Out Of Home, also commonly referred to as out of home or outdoor advertising, represents the media sector of the advertising industry that communicates with people when they're out of their home.
Pro Forma	Financial measure which reflects adjustments to normalise for certain non-operating items
Rights	Rights to shares granted pursuant to the LTI Plan
ROI	Return on investment
Senior Management	The senior management of oOh!media
share or security	A fully paid ordinary share in oOh!media.
Share Registry	Link Market Services Limited ABN 54 083 214 537
shareholder	The registered holder of a share.
Special Incentive	A one-off award of Performance Rights to management
STI	oOh!media's short term incentive plan, as amended by oOh!media from time-to-time.
STI Plan	Short term incentive payable under the STI Plan
VWAP	Volume weighted average price
WPP	Cavendish Square Holding BV

# CORPORATE DIRECTORY

## Stock exchange listing

The shares of oOh!media Limited are listed by ASX Ltd on the Australian Securities Exchange trading under the ASX Listing Code "OML".

**ACN:** 602 195 380

## Directors

### Michael Anderson

*Chairman and Independent Non-Executive Director*

### Tony Faure

*Independent Non-Executive Director*

### Debbie Goodin

*Independent Non-Executive Director*

### Darren Smorgon

*Non-Executive Director*

### Geoffrey Charles Earl Wild

*Non-Executive Director*

### Brendon Jon Cook

*Chief Executive Officer*

## Company Secretary

**Michael Egan**

## Registered office

### Address

Level 2, 76 Berry Street  
North Sydney NSW 2060

### Telephone

+61 2 9927 5555

### Website

[www.oohmedia.com.au](http://www.oohmedia.com.au)

## Share registry

### Address

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

### Telephone

(Australia) 1800 502 355  
(International) +61 2 8280 7670

### Email

[registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Website

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Auditors

KPMG

10 Shelley Street  
Sydney NSW 2000 Australia

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