

# **OUTDOOR MEDIA INVESTMENTS LIMITED**

ABN 85 156 446 187

Special Purpose Financial Report

For the period from 8 December 2011 to  
31 December 2012

**OUTDOOR MEDIA INVESTMENTS LIMITED**  
**ABN 85 156 446 187**  
**SPECIAL PURPOSE FINANCIAL REPORT**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

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This financial report covers the consolidated entity consisting of Outdoor Media Investments Limited and its controlled entities. The financial report is presented in Australian currency.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

Outdoor Media Investments Limited is a Company limited by shares, incorporated and domiciled in the Cayman Islands. Its registered office and principal place of business is:

Outdoor Media Investments Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
KYI-1111

The directors present their report, together with the financial report of Outdoor Media Investments Limited (the Company), and of the Group, being the entities it controlled at the end of the period ended 31 December 2012, and the auditor's report thereon.

**Directors**

The following persons were directors of Outdoor Media Investments Limited at any time during or since the end of the financial period and as at the date of this report:

Brendon Jon Cook (appointed 20 March 2012)  
Geoffrey Charles Earl Wild (appointed 20 March 2012)  
Darren Smorgon (appointed 8 December 2011)  
Barry Zuckerman (appointed 14 December 2011)  
Dino Sawaya - alternate director for Paul Kennedy (appointed 7 March 2012, ceased as alternate director on 10 July 2012). Appointed as a director 10 July 2012  
John Clinton Porter (appointed 20 March 2012)  
Jennifer Gail Tejada (appointed 25 January 2013)  
Patrick Rodden (appointed 25 March 2013)  
Paul Kennedy (appointed 8 December 2011, resigned 25 March 2013)  
Theresa Thomas (appointed 8 December 2011, resigned 8 December 2011)

**Principal Activities**

Prior to 15 March 2012, the Company was non-operating. Following the acquisition of oOh! Media Group Limited on 15 March 2012, and Eye Corp Pty Limited on 1 November 2012, through its wholly owned subsidiary Outdoor Media Operations Pty Limited, the principal activity of the newly formed Group is out of home advertising in Australia and New Zealand.

**Review of Operations**

The company was incorporated on 8 December 2011. The financial report covers the first financial period from date of incorporation to 31 December 2012. The loss after tax for the period ended 31 December 2012 is \$24,440,000.

**Environmental Regulation**

The Group is not subject to any significant environmental regulations under Federal or state legislation.

**Dividends**

No dividends have been paid or declared during the period or since the end of the financial period.

**Significant Changes in the State of Affairs**

On 15 March 2012, Outdoor Media Operations Pty Limited, a wholly owned subsidiary of the Company, acquired 100% of oOh! Media Group Limited.

On 1 November 2012, Outdoor Media Operations Pty Limited, a wholly owned subsidiary of the Company, acquired 100% of Eye Corp Pty Limited.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group during the period.

**Events Subsequent to the reporting date**

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

**Likely Developments**

Information as to likely developments in the operations of the Group and the expected result of those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, it would be likely to result in unreasonable prejudice to the Group.

**Indemnification and insurance of officers and auditors**

**Indemnification**

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

**Insurance premiums**

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the period ended 31 December 2012 and since the end of the financial period, the Company has paid premiums in respect of such insurance contracts for the period ending 31 December 2013. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

**Proceedings on Behalf of the Company**

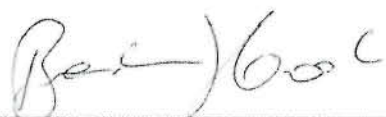
No person has applied to the Court under section 237 of the Australian Corporations Act 2001 (Corporations Act 2001) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

**Rounding of Amounts**

Amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



Brendon Cook  
Director

Sydney  
7 May 2013

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

	Note	Consolidated 2012 \$'000
Revenue from continuing operations		131,703
Cost of media sites and production		(81,854)
<b>Gross profit</b>		<b>49,849</b>
Employee benefits expense		(22,147)
Consultancy fees		(6,980)
Depreciation and amortisation		(13,504)
Legal and professional fees		(9,471)
Other property related costs		(1,381)
Advertising and promotion		(1,878)
Impairment loss		(3,170)
Share based payment expense		(462)
Other expenses		(5,381)
<b>Loss from continuing operations</b>		<b>(14,525)</b>
Finance income	5	80
Finance costs	5	(13,937)
<b>Net finance costs</b>	<b>5</b>	<b>(13,857)</b>
<b>Loss before income tax</b>		<b>(28,382)</b>
Income tax benefit		3,942
<b>Loss from continuing operations after income tax</b>		<b>(24,440)</b>
<b>Net loss attributable to:</b>		
Equity holders of the parent		(23,464)
Non-controlling interest		(976)
<b>Loss for the year</b>		<b>(24,440)</b>
<b>Other comprehensive income for the period</b>		<b>197</b>
<b>Total comprehensive loss for the period</b>		<b>(24,243)</b>
<b>Total comprehensive loss for the period is attributable to:</b>		
Equity holders of the parent		(23,267)
Non-controlling interest		(976)
		<b>(24,243)</b>

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

	Note	Consolidated 2012 S'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	14,928
Trade and other receivables	7	50,874
Inventories		71
Deferred tax asset		530
Other assets	9	2,571
<b>Total current assets</b>		<b>68,974</b>
<b>Non-current assets</b>		
Property, plant and equipment	8	75,202
Intangible assets	10	233,343
Investments accounted for under the equity method	11	150
Unamortised borrowing cost		6,907
Deferred tax asset		6,698
Other assets		589
<b>Total non-current assets</b>		<b>322,889</b>
<b>Total assets</b>		<b>391,863</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	12	28,126
Borrowings	13	7,825
Deferred consideration		6,902
Provisions	14	4,179
<b>Total current liabilities</b>		<b>47,032</b>
<b>Non-current liabilities</b>		
Borrowings	13	192,985
Deferred consideration		12,142
Provisions	14	16,969
Derivative liability interest rate swaps		2,784
<b>Total non-current liabilities</b>		<b>224,880</b>
<b>Total liabilities</b>		<b>271,912</b>
<b>Net assets</b>		<b>119,951</b>
<b>EQUITY</b>		
Contributed equity	15	142,612
Reserves	16	659
Accumulated losses		(23,464)
Non-controlling interest		144
<b>Total equity</b>		<b>119,951</b>

The notes on pages 8 to 26 are an integral part of these consolidated financial statements



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

	Contributed equity	Reserves	Accumulated losses	Non- Controlling Interest	Total Equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 8 December 2011	-	-	-	-	-
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	(23,464)	(976)	(24,440)
Other comprehensive income	-	197	-	-	197
<b>Total comprehensive income for the period</b>		197	(23,464)	(976)	(24,243)
<b>Transactions with owners, recorded directly in equity</b>					
Equity settled share based payment transactions		462			462
Issue of ordinary shares	142,612	-	-	-	142,612
<b>Total transactions with owners</b>	142,612	462	-	-	143,074
<b>Acquired through business combination</b>	-	-	-	1,120	1,120
<b>Balance at 31 December 2012</b>	142,612	659	(23,464)	144	119,951

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

	<b>Consolidated 2012 \$'000</b>
<b>Cash flows from operating activities</b>	
Cash receipts from customers	136,450
Cash paid to suppliers and employees	(141,623)
Cash generated from operations	(5,173)
Interest paid	(8,020)
Taxes paid	(1,367)
Net cash flows from operating activities	<u>(14,560)</u>
<b>Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(5,191)
Acquisition of subsidiaries	(200,036)
Proceeds from sale of property, plant and equipment	94
Payments for other acquisitions	(4,347)
Net cash flows used in investing activities	<u>(209,480)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of shares	82,920
Proceeds from borrowings related parties	59,376
Payment of transaction costs related to loans and borrowings	(7,837)
Payment of lease liabilities	(715)
Proceeds from borrowings	140,482
Repayment of borrowings	(31,514)
Net cash flows used in financing activities	<u>242,712</u>
<b>Total cash inflow</b>	<u><u>18,672</u></u>

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**1 Reporting Entity**

Outdoor Media Investments Limited (the Company) is a Company domiciled in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KYI-1111. The consolidated financial statements of the Company for the period ended 31 December 2012, comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity. Prior to 15 March 2012, the Company was non-operating. Following the acquisition of oOh! Media Group Limited on 15 March 2012, and Eye Corp Pty Limited on 1 November 2012, through its wholly owned subsidiary Outdoor Media Operations Pty Limited, the principal activity of the newly formed Group is out of home advertising in Australia and New Zealand.

In the opinion of the directors, the Company is not a reporting entity. The financial statements of the Company have been drawn up as special purpose financial statements for distribution to the members.

**2 Basis of preparation**

**(a) Statement of Compliance**

The special purpose financial statements have been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting standards Board (AASB).

The directors have applied the minimum disclosure requirements for the special purpose financial report prepared under the Australian Corporations Act 2001 (Corporations Act 2001), that is, compliance with the following pronouncements:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1031 Materiality
- AASB 1048 Interpretation of Standards
- AASB 1054 Australian Additional Disclosures

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value

**(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**  
**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Outdoor Media Investments Limited ("the Company") as at 31 December 2012 and the results of subsidiaries for the year then ended. Outdoor Media Investments Limited and its subsidiaries together are referred to in this financial report as 'the consolidated entity'.

*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.

*Associates*

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

**(b) Income tax**

The income tax expense or revenue 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.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Income tax (continued)**

*Tax Consolidation Legislation*

Outdoor Media Investments Limited 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.

Outdoor Media Investments Limited, 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 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 (net of agency commissions). 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.

*(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 will 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 comprehensive income.

*(iii) Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

**(d) Plant and equipment**

Plant and equipment is stated at historical cost less depreciation. 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 consolidated entity 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.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Plant and equipment (continued)**

Within the consolidated entity, depreciation is calculated on a straight line basis to write 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.

The consolidated entity ensures that property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

**(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 the purpose of impairment testing. Each of these cash-generating units represents the consolidated entity's investment in each business segment.

**(ii) Other Intangibles**

Other intangible assets represent the rights associated with acquired leases and the associated new business revenue streams. These other intangible assets are being amortised over the remaining term of the acquired leases (15 years).

**(iii) Impairment**

The consolidated entity assesses at each balance date whether there is objective evidence that a intangible asset or group of intangible assets is impaired. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Other financial assets**

The consolidated entity 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) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

*(ii) 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 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) in the balance sheet.

*(iii) Recognition and derecognition*

Regular way 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.

*(iv) 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 and held-to-maturity Investments 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 (note 19). 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 the Company. Each lease payment is allocated between the surplus lease space provision and finance charge.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(ii) Finance leases*

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 the Company 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 consolidated entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Unearned income 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) Wages and salaries, annual leave and sick leave*

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

*(ii) Long service leave*

The liability for long service leave 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.

*(iii) Bonus plan*

A liability for employee benefits in the form of a bonus plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

*(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 12 months after the end of the reporting period are discounted to present value.



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Employee benefits (continued)**

*(v) Superannuation*

The consolidated entity contributes superannuation benefits to numerous, but solely accumulation-type superannuation funds including personal, award based at various percentages of salary pursuant to employee contracts and statutory obligations.

*(vi) Employee benefit on-costs*

On-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**(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, including business combinations involving entities or business under common control, 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 consolidated entity'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 subsidiary acquired, the difference is recognised directly in the income statement, 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**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

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

*(iii) 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.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Borrowings (continued)**

Borrowings are removed from the balance sheet 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 12 months after the reporting period.

**(o) Financing costs**

Financing costs are recognised as expenses in the period in which they are incurred. Financing 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.

**(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. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

**(q) Provisions**

Provisions are recognised when the consolidated entity 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.

*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.

*Onerous contracts*

An onerous contract provision is recognised when the forecast costs of a concession contract exceed the forecast revenues associated with the contract. The provision is initially recorded when a reliable estimate can be determined and is discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

**(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.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(s) Deferred consideration**

The consolidated entity has provided for payment of additional consideration in relation to certain acquisitions. The consideration has been discounted over the time in which it is due.

**(u) Shared based payment transactions**

The Company currently engages in the practice of allocating its employees shares and share options 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 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 do not 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.

**4 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which becomes mandatory for the Company's 2016 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

	Consolidated
	2012
	\$'000
<b>5 FINANCE INCOME AND FINANCE COSTS</b>	
Interest income	80
Interest expense on external borrowings	(9,797)
Interest expense related parties	(1,356)
Mark to market loss on interest rate swaps	(2,784)
Net finance income/(cost) recognised in income	<u>(13,857)</u>

**6 CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	14,928
Cash and cash equivalents in statement of cash flows	<u>14,928</u>

**Reconciliation of loss after income tax to net cash flows from operating activities**

(Loss) profit after income tax for the year	(24,440)
Depreciation	7,799
Amortisation	5,705
Other	756
Mark to market loss on interest rate swaps	2,784
Net (gain)/loss on sale of non-current assets	270
Impairment loss	3,170
IFRS straight-lining of lease expense	687
Change in operating assets and liabilities, net of effects from purchase of controlled entity:	
Decrease/(increase) in trade debtors and other debtors	(6,408)
(Increase)/decrease in tax balances	(2,833)
(Increase)/decrease in other operating assets and liabilities	(945)
(Decrease)/increase in trade creditors	(1,150)
(Decrease)/increase in other provisions	45
Net cash (outflows)/inflows from operating activities	<u>(14,560)</u>

**7 TRADE AND OTHER RECEIVABLES**

Trade receivables	44,167
Prepayments	6,262
Other receivables	445
	<u>50,874</u>

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**8 PROPERTY, PLANT AND EQUIPMENT**

Consolidated entity	Leasehold improvements	Plant & equipment	Leased plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000
Net book value at 31 December 2012	2,791	68,293	4,118	75,202

2012  
\$'000

**9 OTHER ASSETS**

Advance payments	1,371
Other assets	1,200
	<u>2,571</u>

**10 INTANGIBLE ASSETS**

Brands	7,529
Accumulated amortisation	<u>(1,291)</u>
	6,238
Licences – cost	115,129
Accumulated amortisation	<u>(5,225)</u>
	109,904
Goodwill – cost	116,497
Goodwill	<u>116,497</u>
Software – cost	
Accumulated amortisation	836
	<u>(132)</u>
	704
Total	<u>233,343</u>

**11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

Investments in associates	150
	<u>150</u>

**12 TRADE AND OTHER PAYABLES**

Current	
Trade payables	2,205
Accruals	21,570
Payables to related parties	1,421
Other payables	375
Income in advance	2,555
	<u>28,126</u>

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

2012  
\$'000

**13 BORROWINGS**

**Current**

Bank loan	7,283
Lease creditor	542
	<u>7,825</u>

**Non-current**

Lease creditor	410
Borrowings from related parties	59,376
Bank loan	133,199
	<u>192,985</u>

**14 PROVISIONS**

**Current**

Onerous contract	2,305
Employee benefits	1,380
Other	494
	<u>4,179</u>

**Non Current**

Make good	10,959
Straight-lining of site rents	783
Onerous contract	3,749
Employee benefits	1,478
	<u>16,969</u>

Consolidated  
2012

**15 CONTRIBUTED EQUITY**

\$

**Share capital**

482,688,486 class A shares fully paid	108,604,909
155,252,910 class B shares fully paid	34,007,006
	<u>142,611,915</u>

*Class A shares*

Class A shares issued to CHAMP Private Equity members have an additional voting right which arises whenever (i) there are more B class shares on issue than Class A shares and (ii) the CHAMP members hold an aggregate of not less than 20% of Class A shares. This additional voting right will be that, on a poll, the votes attached to the A class shares shall comprise 51% of the total voting rights attached to all Ordinary shares.

*Class B shares*

Class B shares have the same rights as the Class A shares subject to the additional voting right of the Class A shares registered in the name of CHAMP Private Equity members.



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

2012

\$'000

**16 RESERVES**

Share based payment reserve	462
Foreign currency translation reserve	197
	<u>659</u>

**Nature and purpose of reserves**

*Foreign currency translation*

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation.

*Share based payment reserve*

The share based payment reserve represents the fair value of the options and shares granted by the Company to the consolidated entity's employees.

**17 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	Ordinary Share Consolidated Entity Interest
		2012 %
Outdoor Media Holdings Pty Limited	Australia	100%
Outdoor Media Operations Pty Limited	Australia	100%
Ooh! Media Exchangeable Finco Pty Limited	Australia	100%
Ooh! Media Group Limited	Australia	100%
Ooh!Media Pty Limited	Australia	100%
Ooh!Media Produce Pty Limited	Australia	100%
Ooh!Media Assets Pty Limited	Australia	100%
Ooh!Media Factor Pty Limited	Australia	100%
Ooh!Media Digital Pty Limited	Australia	100%
Ooh!Media Place Based Pty Limited	Australia	100%
Ooh!Media Retail Pty Limited	Australia	100%
Ooh!Media Lifestyle Pty Limited	Australia	100%
Ooh!Media Shop Pty Limited	Australia	100%
Ooh!Media Roadside Pty Limited	Australia	100%
Ooh!Media MEP Pty Limited	Australia	100%
Sports & Outdoor Media Pty Limited	Australia	100%
Red Outdoor Pty Ltd	Australia	100%
Closebuys Pty Limited	Australia	82.75%
oOh!media Café Screen Pty Limited	Australia	70%
oOh!media Social Sports Pty Limited	Australia	70%
Social Sports Media Pty Ltd	Australia	70%
In 2 Indoor Pty Ltd	Australia	70%



**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**17 SUBSIDIARIES (CONTINUED)**

World Indoor Soccer Federation Pty Ltd	Australia	70%
Eye Corp Pty Limited	Australia	100%
Eye Corp Australia Pty Limited	Australia	100%
oOh!media Fly Pty Limited	Australia	100%
Eye Drive Sydney Pty Limited	Australia	100%
Eye Outdoor Pty Limited	Australia	100%
Eye Mall Media Pty Limited	Australia	100%
Eye Drive Melbourne Pty Limited	Australia	100%
oOh!media Study Pty Limited	Australia	100%
Outdoor Plus Pty Limited	Australia	100%
Olympic Murals 2000 Pty Limited	Australia	100%
Eye Shop Pty Limited	Australia	100%
Eye Corp Investments Pty Limited	Australia	100%
Eye Corp Media Pty Limited	Australia	100%
oOh!media New Zealand Investments Limited	New Zealand	100%
oOh!media New Zealand Limited	New Zealand	100%
oOh!media Retail New Zealand Limited	New Zealand	100%
oOh ! Media Study New Zealand Limited	New Zealand	100%
Eye Corp Asia Pte Limited	Singapore	100%
PT Estha Yudha Ekatama	Indonesia	100%
Eye Corp Hong Kong Limited	Hong Kong	100%
Eye Corp USA Inc	United States	100%
Eye Corp UK Limited	UK	100%

The ultimate parent entity and ultimate controlling party is CHAMP Private Equity, which in turn owns 80% of the issued ordinary shares of Outdoor Media Investments Limited, which in turn owns 100% of the issued shares in Outdoor Media Investments Limited. Outdoor Media Investments Limited is the holder (either directly or indirectly through one of its subsidiaries) of the issued ordinary shares of the above entities.

- (i) Outdoor Media Investments Limited owns 100% of the beneficial ownership interest in PT Estha Yudha Ekatama and PT Netra Estha Muda.
- (ii) Eye Corp USA Inc and Eye Corp UK Limited are not controlled entities of the Company. Ownership of these entities was transferred to Network Ten Holdings Limited in January 2013.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**18 AUDITOR'S REMUNERATION**

The fees listed below are for the group as a whole. The fees are paid through the company's 100% owned subsidiary, oOh! Media Group Limited.

	2012 \$'000
<b>Audit and Assurance services</b>	
<i>KPMG Australia</i>	
Audit of financial report	195,000
<b>Other services</b>	
<i>KPMG Australia</i>	
Taxation and compliance services	21,500
	<u>216,500</u>

**19 COMMITMENTS**

**(a) Operating lease commitments**

Commitments in relation to operating leases contracted for at the reporting date are payable as follows:

Within one year	77,415
Later than one year but not later than five years	189,952
Later than five years	40,288
	<u>307,655</u>

Not included in the above commitments are contingent rental payments which may arise in the event that revenue from certain leased assets exceeds a pre-determined threshold. The contingent rent payable varies from asset to asset.

**(b) Finance lease commitments**

Commitments in relation to finance leases contracted for at the reporting date are payable as follows:

Within one year	596
Later than one year but not later than five years	457
Later than five years	-
	<u>1,053</u>

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

Consolidated  
2012  
\$'000

**20 CONTINGENT LIABILITIES**

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

**Guarantees**

Guarantees in respect of:

Leases of controlled entities:

Unsecured

9,682

No material losses are anticipated in respect of any of the above contingent liabilities.

**Claims**

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

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**21 BUSINESS COMBINATIONS**

On 15 March 2012, the Company acquired 100% of oOh! Media Group Limited and on 1 November 2012, the Company acquired 100% of Eye Corp Pty Limited, both through its 100% owned subsidiary, Outdoor Media Operations Pty Limited.

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

**(i) oOh! Media Group Limited**

**Purchase Consideration**

	<b>\$'000</b>
Cash	102,036
Equity instruments	60,862
	<u>162,898</u>

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

	<b>\$'000</b>
Cash and bank balances	(5,175)
Trade and other receivables	19,170
Prepayments	2,175
Investments	106
Property, plant and equipment	34,937
Deferred tax assets	872
Intangible asset	86,834
Accounts payable	(14,865)
Interest bearing liabilities	(26,182)
Employee benefits	(1,837)
Provision for income tax	(339)
Deferred tax liability	(0)
Provisions	(5,822)
Net identifiable assets acquired	<u>89,874</u>
Less: non controlling interest	(1,065)
<b>Add:</b>	
Goodwill	74,089
<b>Net assets acquired</b>	<u><u>162,898</u></u>

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

**22 BUSINESS COMBINATIONS (CONTINUED)**

**(ii) Eye Corp Pty Limited**

<b>Purchase Consideration</b>	<b>\$'000</b>
Cash	98,000
Deferred consideration	18,874
	<u>116,874</u>

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

	<b>\$'000</b>
Cash and bank balances	1,431
Trade and other receivables	17,938
Prepayments	6,111
Property, plant and equipment	36,767
Deferred tax assets	4,227
Intangible asset	35,023
Accounts payable	(11,622)
Current tax liabilities	(53)
Employee benefits	(1,079)
Provisions	(12,610)
Net identifiable assets acquired	<u>76,133</u>
<b>Add:</b>	
Goodwill	40,741
Net assets acquired	<u>116,874</u>

**(iii) Other acquisitions**

During the financial period certain other site leases and fixtures were acquired for consideration of \$4,347,000, which were allocated to Fixed assets \$1,225,000, Intangibles \$1,301,000 and Goodwill \$1,821,000.

**OUTDOOR MEDIA INVESTMENTS LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION  
FOR THE PERIOD FROM 8 DECEMBER 2011 TO 31 DECEMBER 2012**

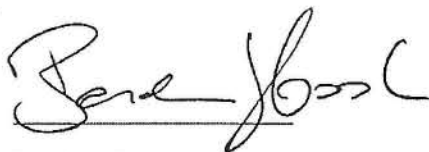
As stated in note 1 to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in notes 1 to 3.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 26
  - i. comply with Accounting Standards and other mandatory professional reporting requirements as detailed above; and
  - ii. give a true and fair view of the Consolidated entity's financial position as at 31 December 2012 and of its performance for the financial period ended that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

SIGNED in Sydney on 7 May 2013 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Brendon Cook', written over a horizontal line.

Brendon Cook  
Director





## **Independent auditor's report to the members of Outdoor Media Investments Limited**

### **Report on the financial report**

We have audited the accompanying financial report, being a special purpose financial report, of Outdoor Media Investments Limited (the Company), which comprises the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information of the Group comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Notes 1 to 3 to the financial report is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.





These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 3 to the financial statements so as to present a view which is consistent with our understanding of the Group's financial position, and of its performance and cash flows.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.


*Auditor's opinion*

In our opinion the financial report presents fairly, in all material respects, the financial position of the Group as of 31 December 2012 and of its financial performance and cash flows for the period then ended in accordance with the accounting policies described in Notes 1 to 3 to the financial statements.

*Basis of accounting*

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of the directors and members of Outdoor Media Investments Limited. As a result, the financial report may not be suitable for another purpose.

KPMG



J Wigglesworth  
Partner

Sydney

7 May 2013